-9/14/84 S5360-1(F)-

NEW JERSEY CASINO CONTROL COMMISSION

ANNUAL REPORT DECEMBER 31, 1983

The Annual Report of the New Jersey Casino Control Commission is submitted to the Governor and to the members of the New Jersey Legislature.

GOVERNOR
THOMAS H. KEAN

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New Jersey Casino Control Commission
Princeton Pike Office Park
Building No. 5
3131 Princeton Pike
CN 208
Trenton, New Jersey 08625
Tel. (609) 292-7730

Tennessee Avenue and Boardwalk
Atlantic City, New Jersey 08401
Tel. (609) 441-3200

Carl Zietz, Joel R. Jacobson, E. Kenneth Burdge, Don M. Thomas, Chairman Walter N. Read (seated)

STATEMENT BY WALTER N. READ
CHAIRMAN
NEW JERSEY CASINO CONTROL COMMISSION
ANNUAL REPORT 1983

The past year was the second straight year during which no new casino opened in Atlantic City but it was a year marked by the explosive growth of the gaming industry and the growing sophistication of the machinery needed to cope with this burgeoning giant which threatens to overshadow all other significant developments in this field.

More important, 1983 was the year that saw completion of the $246 million plan developed by American City Corporation for the redevelopment of 309 acres of the Inlet Community. Simultaneously, it was the year when the legislative process was set in motion to revise the casino reinvestment tax credit plan to provide funds for the revitalization of the city.

Casino gambling in 1983 in Atlantic City was a record year with win revenues climbing close to $1.8 billion, a growth of approximately 20 percent over 1982. Equally important is the fact that the industry as a whole reported net operating income three times greater than in 1982 with eight of the nine casinos reporting a net profit during the year.

The growth of the industry as evidenced by the 20 percent growth in win figures is also reflected in the $139.5 million that the casinos paid to the state to finance programs for Senior Citizens and the disabled. The Casino Revenue Fund has now turned over to the state $460 million since the first casino opened in May, 1978.

Furthermore, projections by gaming industry analysts and stock market experts anticipate that Atlantic City casino revenues will continue to grow by 18 to 20 percent during 1984 and are likely to surpass the Las Vegas totals. This anticipated growth will result in a corresponding increase in the state's share.

That growth is expected to be strengthened as the beginning of the "second wave" of casinos comes on line this year. Harrah's at Trump Plaza is projected as the first of several casinos which are expected to open during the latter half of this decade.

The growth of the industry with the resultant increase in tax dollars and reinvestment funds will enable the state to provide more and better services for the citizens of New Jersey as a whole and for residents of Atlantic City particularly.

A major step in reaching that goal in Atlantic City was the completion of the American City Corporation plan for the revitalization of the Inlet Community. The study, which was 18 months in the making and which cost $360,000, was accepted by the Commission and turned over to the Board of Directors of the newly formed Inlet Community Development Corporation to be used as the basis for rebuilding that section of the city.

The plan calls for 2,750 new housing units of all types plus 250 units to be rehabilitated but it is not simply another housing development project. Indeed, it is a comprehensive master plan for the rebirth of the Inlet and calls for commercial development, construction of school and day care facilities, recreational and leisure areas as well as improvements to the infrastructure system.

The most encouraging aspect is the confidence with which the planning consultant believes that there will be tangible results of the study by late this year or early next year.

Basic to the plan which has been called a "blueprint for the people of Atlantic City to join with private investors and public agencies for the rebuilding of the city" is the assumption that money will be available through the casino reinvestment fund. Although legislative approval was still lacking at the year's end, plans for the incorporation of the Development Corporation were moving ahead on schedule.

The overriding thrust of the legislative program was designed to raise more than $1 billion over the next 20 years with the bulk of the funds being used for the revitalization of Atlantic City with the remainder of the money being used to finance other improvements off Absecon Island.

Two major court decisions bolstered the Commission's responsibility to exercise closer surveillance over the licensees. The New Jersey Supreme Court upheld the Commission's right to deny a license to Playboy owner Hugh Hefner on the grounds that he was unqualified to hold a license in this state. Denial of the Playboy appeal which was a direct challenge to the Commission's statutory authority has forced Hefner to divest himself of his holdings in the Atlantic City casino. The Hefner decision means that all future license applicants must face the same demanding standards that were set in the earlier licensing hearings or face disqualification in this state. It was a signal victory for the state and the Commission.

A second notable achievement was the decision by the U.S. Supreme Court to hear the Commission's appeal in the Local 54 case. In 1981 Local 54 of the Hotel and Restaurant Employees and Bartenders International Union challenged the provision of the Casino Control Act which required that all labor organizations seeking to represent employees of a casino hotel must register with the Commission.

Although Local 54 was upheld in the lower courts, the U.S. Supreme Court announced late last year that it would take jurisdiction with argu-

ments expected to be heard later in the 1984 Spring calendar.

The two cases are part of the Commission's ongoing efforts to assure that the casino industry adheres completely and faithfully to the provisions of the Casino Control Act.

The Commission signalled its intention early in the year when it levied a $257,000 fine against Caesars Boardwalk Regency and threatened suspension of its casino license for violation of the Casino Control Act and the Commission's regulations.

The casino/hotel was found guilty of interfering with the state inspectors assigned to monitor play. The size of the fine was designed to put the industry on notice that future violations of the Act would not be tolerated and threatened that a second offense could result in a suspension of a license with the licensee ordered to pay the salaries of its employees during the lay-off period.

Caesars was not the only casino/hotel to feel the Commission's sting. Resorts International was assessed a $10,000 fine for moving its casino and hotel records off premises and several other licensees were assessed fines for violations of the alcoholic beverage sections of the Act.

The Commission also stepped up its efforts to make casino management and workers aware that employee-gambling in Atlantic City is prohibited and violations will be treated more harshly in the future with the possibility of heavier fines and suspension of licenses during the coming year.

The court fights over the licensing of the Playboy owner and registration of the labor union, the heavier fines and the threats of suspensions, the on-going efforts to force potential casino investors to submit to registration or divest themselves are all parts of a continuing effort to keep the ownership and operation of the casinos clear of any taint.

It was gratifying to have the Superintendent of State Police speak out publicly that the casinos are free of organized crime influence and the Commission has continued its close cooperation with the Division of Gaming Enforcement to expand the "exclusion list" by banning known criminals from the casinos. Commission members have responded with vigor whenever sufficient evidence has been presented against the so-called organized crime figures.

Re-appointment of Carl Zeitz to a second term on the Commission was another highlight of the year. It marked the first time that a Commission member had been re-appointed to a second term and it helped to provide the stability needed to carry on the work of the Commission.

Unfortunately, the appointment of Zeitz was tempered by the loss of two of the Commission's five directors. Francis X. Fee resigned as Director of the Division of Financial Evaluation and Control and David Arrajj resigned as Director of the Division of Licensing. Both of these high caliber men left because of greater opportunities in the private sector and their losses are felt deeply although the Commission was fortunate in having more than adequate replacements in William H. Delaney as the new Director of Finance and Christopher D. Storcella as the new Director of Licensing.

The Commission also moved during the year to reinforce its insistence that the casino license holders as well as the vendors who carry on business with the casinos adhere fully to the affirmative action goals. The Commission authorized the publication of quarterly and annual reports outlining the compliance of the various casinos in hiring and promoting females and minorities.

It isn't enough and it does not satisfy the legislative mandate if women and minorities do not share as fully as others in this growing ecomony that the casino industry has spawned. The customer service industry must adhere to these guidelines and the labor unions have been asked to take this step voluntarily in unison with management.

Finally, on this matter, the Commission staff has been put on notice that as regulators the Commission has an obligation to lead the way.

More than 26 million people visited Atlantic City last year with the overwhelming majority of them stopping for some period of time at the casinos. It is inevitable, given those statistics, that there were complaints and violations.

For example, the Commission investigators reported more than 1,600 regulatory violations and handled another 1,300 table inventory discrepancies. The Commission staff also handled 792 formal complaints from patrons over table game pay-offs, malfunctioning slot machines, cage pay-offs, disputes over bus coupons and a variety of other incidents.

While the number is not significant in view of the extraordinary volume of business, one of the Commission's primary objectives this year is to be more responsive to patron complaints. A cooperative attitude, a more timely response and an equitable solution are the very least that a patron should expect from the Commission and the industry. We expect to report on an improved performance in this area next year.

In summary, 1983 was a year of progress as we learned to cope with a growing industry and as we moved closer to a solution to the problem of revitalizing Atlantic City. In 1984, we plan to continue with the progress that has been made during the past year. At the same time we recognize that the so-called "second wave" of construction will present an even greater challenge to our abilities to maintain the integrity of this flourishing industry while at the same time fulfilling the hopes and expectations of the people of New Jersey and Atlantic City.

Respectfully submitted,
Walter N. Read,
Chairman

LEGAL DIVISION

This year the Legal Division was especially busy and two significant decisions were extremely gratifying to the Commission. One, involves the Commission's ability to assess the qualifications of various officers of labor unions which represent employees within the casinos. The other involved the Commission's determination that Hugh M. Hefner and Playboy Enterprises, Inc. were unsuitable for licensure in New Jersey.

In 1981 the Hotel and Restaurant Employees and Bartenders International Union, Local 54 challenged in the Federal District Court a provision of the Casino Control Act which requires that all labor organizations seeking to represent employees of a casino hotel facility be registered with the Commission. Local 54 also sought a preliminary injunction against the holding of a hearing by the Commission regarding the registration of the union.

In March 1982, U.S. District Court Judge Stanley Brotman denied Local 54's application for a preliminary injunction, thereby permitting the Commission to conduct a hearing. Thereafter, during the spring, summer and autumn of 1982, the Commission was involved in a lengthy hearing relating to the registration of Local 54.

Local 54, however, filed an appeal from Judge Brotman's decision with the Court of Appeals for the Third Circuit. In June 1983, the Third Circuit, by a vote of 2 to 1, reversed Judge Brotman's decision and found that the statutory provision in the Casino Control Act regarding Commission registration of labor unions was preempted by federal labor laws. The Commission's petition for rehearing *en banc* was denied by the Third Circuit by a vote of 5 to 5.

Subsequently, the Commission filed an appeal with the U.S. Supreme Court which, in November 1983, noted probable jurisdiction. Argument is scheduled for the spring of 1984.

After finding Hugh M. Hefner and Playboy Enterprises, Inc. unqualified for licensure in New Jersey in April 1982, the Commission issued a conditional casino license to Playboy-Elsinore Associates.

Hefner and Playboy Enterprises, Inc. filed a Notice of Appeal with the Appellate Division of the New Jersey Superior Court.

On August 31, 1983, the Appellate Division upheld the Commission's determination that Hefner and Playboy Enterprises, Inc. were unsuitable for licensure in New Jersey.

In November 1983, the New Jersey Supreme Court denied the petition for certification that had been filed by Hefner and Playboy. Hefner and Playboy have subsequently indicated they will divest themselves of their casino interest in New Jersey.

The Legal Division is also involved in several other areas of importance. For example, the Casino Control Act reveals a legislative design for the Commission and the Division of Gaming Enforcement to be financed exclusively from license fees that are imposed upon casino hotels and other persons and entities. Accordingly, the Commission has adopted extensive fee regulations which are designed to ensure that the casino regulatory apparatus is self-sufficient.

Over the years, however, there have been a number of individuals and entities which have failed to pay the Commission license fees. Section 63(d) of the Casino Control Act provides that the Commission has the responsibility to collect all license fees. Further, Section 68 of the Casino Control Act empowers the Commission to bring a civil action in the name of the State of New Jersey to collect delinquent amounts, interest and penalties. Accordingly, the Legal Division has, on behalf of the Commission, instituted numerous lawsuits and expended great effort in attempting to collect these delinquent fees.

Since legalized casino gaming was introduced in Atlantic City by the enactment of the Casino Control Act, back on June 2, 1977, it has been amended and supplemented a number of times in an effort to further the original goals and purposes.

The framers of the original act intended legalized gaming to foster the redevelopment of the tourism, resort and convention industries in Atlantic City, to provide new jobs and generate tax revenues.

In calendar year 1982 nearly 20 casino gaming bills were introduced in the New Jersey Legislature with two becoming law in 1983.

In January 1983, the Act was amended to facilitate the organization and use of casino junkets without jeopardizing regulatory and law enforcement interests and standards. The amendments removed the $200 regulatory threshold and redefined "junket" to include only those gaming arrangements with a casino licensee where a person has been "selected or approved for participation therein on the basis of his ability to satisfy a financial qualification obligation related to his ability or willingness to gamble or on any other basis related to his propensity to gamble." The legislation also removed the present requirement that casino licensees must submit reports on junkets in advance, including information on participants, terms or other relevant information, and instead requires that each casino licensee maintain on file a report on any junket engaged in on its premises.

The effect of these changes in the junket provisions of the Act has been to increase employment opportunities (through the expanded use of temporary licensure and a reduction in the

costs of licensure) for junket representatives and to assure the appropriate level of regulatory control over this important aspect of casino operations.

In April 1983, the Casino Control Act was amended by P.L. 1983, c.134. The amendment raised from 18 to 21 years the minimum age for entering a licensed casino (except by way of passage to another room) and for participation in casino gaming, in conjunction with a similar change in the "legal" drinking age.

During calendar year 1983 the Commission responded to several legislative requests for comments and recommendations concerning proposed changes to the Act, and continued a review of its provisions in an effort to formulate and recommend changes which it deems necessary or desirable.

Finally, the regulations of the Commission are contained in Title 19 of the New Jersey Administrative Code and comprise fourteen chapters of the Code. Pursuant to Section 69 of the Act, the Commission is authorized to adopt, amend, or repeal such regulations, consistent with the policy and objectives of the Act, as it deems necessary or desirable for the public interest in carrying out the provisions of the Act.

Section 70 of the Act requires that the Commission adopt specific regulations in accordance with a number of provisions of the Act. Eighteen subjects requiring specific regulations are described in this section. All regulations are adopted, amended and repealed in accordance with the provisions of the Administrative Procedure Act.

The public is encouraged to participate in the rulemaking process. The Act provides that any interested person may file a petition with the Commission requesting the adoption, amendment or repeal of a regulation.

ADMINISTRATION DIVISION

The Administration Division, under the direction of Director Theron G. Schmidt, provides administrative services for the Commission. The services include the operation of the Personnel Office, the Office of Data Processing and Systems Development, and the Budget and Fiscal Office. Also included is the Office of Administrative Support which has responsibility for responding to public and industry inquiries, and coordinating the dissemination of public information to the media. The information to which persons can subscribe includes notices of all types of Commission meetings, regular weekly, special and licensure hearings. Also, services are provided to make available copies of proposed and adopted regulations, minutes of all regular and special meetings, plus a weekly update of petitions which are pending action by the Commission.

AFFIRMATIVE ACTION & PLANNING DIVISION

The Affirmative Action and Planning Division is comprised of two units under the direction of Director Jack E. Wood, Jr.

The Affirmative Action unit monitors the performance of the casino hotel industry, its construction contractors and casino service industries with respect to their compliance with the equal employment opportunity and affirmative action provisions of the Casino Control Act and its attendant regulations. The past year marked the second full calendar year for which the Affirmative Action unit provided comprehensive documentation of the nine member casino hotel industry's affirmative action performance. By the close of the year, the industry employed 30,958 workers of whom 13,938 (45%) were females and 8,837 (29%) were minorities. Of the industry's 5,013 dealers, 1,887 (38%) were females and 1,033 (21%) were minorities. Of almost 6,000 casino hotel employees earning in excess of $25,000 per year, 1,697 (28%) were females while 885 (15%) were minorities. While these figures are generally better than 1982, the unit plans to push for improved compliance figures in the coming years.

The Division's Planning unit assists the Commission in stimulating the redevelopment of Atlantic City and the surrounding region. Last year saw the completion of a redevelopment plan for the City's Inlet Section prepared by the American City Corporation, which the Commission had engaged as a consultant in 1982.

The Atlantic City Task Force on Housing and Community Development, formed by the Commission, adopted The American City program which, in turn, led to the creation of the Inlet Community Development Corporation in December 1983. This entity represents a partnership and business interests whose mission is to implement the program for the rehabilitation of 309 acres in the Inlet section of the city. The massive redevelopment program calls for new and rehabilitated housing, recreational facilities, improvements to the commercial area and upgrading of the infrastructure.

FINANCIAL DIVISION

The Division of Financial Evaluation & Control is charged by the Commission with the reponsibility of carrying out the State Legislature's mandate to insure the integrity of gaming activity and funds control in New Jersey's casinos. Faced with an ever-increasing workload and more sophisticated casino technology, the Financial Division has contined to improve its capabilities of meeting the challenges of regulating this sensitive industry. In essence, the Division of Financial Evaluation & Control is the focal point of the state's efforts to control New Jersey's casino-gaming activity and is one of the chief repositories of the state's expertise in all technical areas involving casino-hotel operations.

During 1983, the Financial Division's technical expertise continued to expand to meet the casino industry's growth and development. The industry trend toward more highly sophisticated corporate financing has been closely studied and analyzed by the Commission's financial staff. The industry's changing environment has also been continually evaluated to insure that the accounting systems and operating procedures provide for effective internal control.

During 1983, significant strides were taken in analyzing the Division of Gaming Enforcement and the State Commission of Investigation's proposed amendments to the credit regulations. After these recommended changes were analyzed, a series of public hearings were held at which representatives of the casino industry presented their views. The Financial Division's recommendations will be presented to the Commission for adoption in 1984 and, where appropriate, amendments will be suggested to the State Legislature.

Another of the Financial Division's major accomplishments during 1983 was the formation of a Financial Reporting Task Force composed of accountants from the Commission and each of the nine operating casino hotels. As a result of working together over a long period of time, the Task Force was able to revise the Commission's quarterly and annual financial reports to assure uniformity, consistency, and comparability as well as effective disclosure of all financial information filed with the Commission. One of the Task Force's most significant accomplishments was to identify problem areas in reporting financial information caused by the diversity of organizational structures and policies. The Task Force also served to resolve any uncertainties over financial reporting requirements.

During 1984, the Commission's Financial Reporting Task Force will remain in operation to revise the Uniform Chart of Accounts and instructions, implement new financial reporting policies, and address financial reporting problems resulting from operators who hold more than one casino license.

High on the Financial Division's 1984 agenda is an extensive review of the current rate structure used to bill applicants and licensees for the cost of agency operations. The primary goal of the review, which will be jointly performed with the Division of Gaming Enforcement, is the development of a new rate structure that will provide the industry with a more equitable distribution of operating costs on a regular basis.

During 1983, the Division of Financial Evaluation & Control worked closely with representatives from Harrah's at Trump Plaza in anticipation of its 1984 opening. In early 1984, one new crew of inspectors will be trained to staff that facility around-the-clock. In addition, extensive analyses will be performed to determine Harrah's at Trump Plaza's ability to meet statutory requirements of financial stability, financial responsibility, casino experience, and business ability. Additional in-depth financial and operational reviews will also be required in order to provide the Commission with the necessary information to issue a certificate of operation.

Throughout 1983, the Division of Financial Evaluation & Control has also been actively engaged in the development of a financial data base on casino operations. In addition to enabling staff to meet stringent demands for timely, accurate information, the data base incorporates sophisticated facilities for highly technical financial analyses, statistical studies, and graphics that will assist in the analyses of the increasing range of complex financial issues facing the Commission.

Another of the Financial Division's primary 1984 objectives is the anticipated completion of its new computer financial data base on casino operations. When completed, the financial data base will provide the Commission with the best statistical information related to gaming operations in the western hemisphere. Throughout 1984, the Commission's financial staff will also continue the on-going review of regulations governing casino operations, including the regulations related to internal controls, games, and equipment.

LICENSING DIVISION

The Licensing Division, headed by recently appointed Christopher D. Storcella, is divided into four sections, reflecting the Licensing Division's three primary areas of responsibility and its document receipt, distribution, and storage section.

The past year was a busy year for all sections within the division. For example, the Employee License section received 7,608 applications and issued 7,299 full-time and temporary licenses. In addition, it issued 5,477 hotel registrations and 3,174 position additions, not including the 17,080 license renewals.

The Enterprise License section, which is responsible for processing all applications for casino service industry licenses and contract approvals, was equally busy. In addition to investigating, verifying, and processing these licenses, the section conducted workshops for purchasing directors of the various casinos and also began on-site inspections in order to ensure compliance with internal control submissions for purchasing and disbursing.

During the coming year the section expects to refine the on-line data processing system introduced late last year. It will enable the section to track documents, track qualifiers, and to provide statistical and managerial information which the Commission requires.

The Casino Review section evaluates casino licensee applicants for compliance with the licensing standards as set forth in the Casino Control Act concerning the suitability of proposed facilities, entities, and persons required to be qualified.

The Document Control Unit presently stores and maintains 125,000 employee license applications and 20 casino/hotel corporate applications and is responsible for secure storage and accurate, prompt retrieval of these records. In addition, the Unit processed and distributed 1,003 petitions for official Commission action. In September 1983, the Unit acquired another electrical lateral file system to accommodate 12,000 casino service industry files, thereby consolidating all license division documents into a central, secure, and fireproof file room.

This year was a busy year and 1984 promises to be an even busier year with more casinos opening and with the License Division striving for more efficient, electronic storage and tracking of the voluminous documents which are processed.

CASINO REVENUE FUND

The Casino Control Act imposes a tax of eight percent on the gross revenues of the operating casinos. Upon collection, this money is deposited in the Casino Revenue Fund.

The New Jersey Constitution, in accordance with the provisions of the 1976 referendum, mandates that the state use the money in the Casino Revenue Fund solely for the benefit of the elderly and the disabled.

In accordance with that mandate, the Legislature has adopted programs for real estate tax rebates, home health care services, lifeline payments, rental assistance and transportation costs for the elderly and the disabled.

During the fiscal year ending June 30, 1983, the state disbursed $51.7 million to eligible senior citizens and disabled persons under the lifeline assistance program.

In addition, $45.2 million was disbursed as part of the real estate tax rebate program for eligible persons and $19.4 million was provided under a pharmaceutical assistance program. During Fiscal 84 the programs will be expanded to permit payment for personal health care programs and transportation costs.

Since the first casino opened in 1978 the state has collected $467.5 million, as of December 31, 1983, for the Casino Revenue Fund.

None of the funds collected for the Casino Revenue Fund is used by the Commission to regulate the gaming industry. All the costs of the Commission are borne by the industry and no funds come out of the general treasury.

DIVISION OF GAMING ENFORCEMENT

With the advent of casino gaming in Atlantic City in 1976, came the need to establish a strict regulatory process to ensure public confidence in the state's ability to safeguard against the negative influences historically associated with the casino industry. The Division of Gaming Enforcement, established within the Department of Law and Public Safety, was created in August of 1977 as the investigative and enforcement agency mandated by the Casino Control Act. The Division is charged with the responsibility of investigating the backgrounds of all individuals and corporate applicants for casino licensure, as well as prosecuting violations of the Casino Control Act and regulations before the Casino Control Commission.

The Division, which is led by Director Thomas R. O'Brien, is organized in two primary components: Operations and Investigations.

The Operations component of the Division, supervised by Deputy Director of Operations Anthony J. Parrillo, and Chief Administrator of Operations William J. McElroy, includes the Audit Section, and the Renewal Section.

The Investigations component of the Division is supervised by Deputy Director of Investigations James F. Flanagan, III, and the Chief Administrator of Investigations Major Robert C. Winters. This unit includes the Revocation and Exclusion Section, the Service Industry Licensing Section, the Casino Investigations Section, the Employee Licensing Section, and the Management Information Section.

During 1983, the Division made 820 arrests related to casino crimes and filed 385 administrative complaints with the Casino Control Commission to revoke or suspend casino licenses and registrations and for audit or inspection violations of the Casino Control Act and regulations. The names of 29 individuals, including 17 linked to organized crime, were added to the casino exclusion list, bringing the total number to 86. The Division prosecuted 110 hearings before administrative law judges and disposed of 12,507 employee license or registration applications through investigation and report to the Commission or other appropriate action. The Division also conducted 2,156 other investigations relating to casino service industries, junkets, qualifiers, and violations of the Casino Control Act and regulations, as well as nine operational audits of casinos.

Other significant Division activities in 1983 included: appellate court proceedings in the Hotel and Restaurant and Bartenders International Union, Local 54 case to determine the state's authority to regulate casino unions, and the Playboy case, upholding the Casino Control Commission's decision to refuse casino licensure without divestiture of Hugh Hefner's interest; action to enforce the required stock divestiture of William O'Donnell, former chairman of Bally Manufacturing; discovery of more than $1.35 million in improper bad-debt write-offs by casinos; proposals for statutory and regulatory revisions to reduce credit fraud and other credit abuses in casinos; breaking sports betting and cheating rings in casinos, as well as assisting the FBI in a kidnapping/murder investigation; and establishment of a new entertainment unit to monitor and regulate entertainment services used by casinos.

To carry out its task of investigating all corporate and individual applicants for casino licensure, the Division has assembled an investigative staff comprised of State Agents, State Police Detectives, and Deputy Attorneys General, supported by administrative and research professionals and clerical personnel.

Operating funds for the Division are advanced from the General State Treasury, which is reimbursed with interest as revenues are received from the casinos.

"Bet with your head, not over it"

CASINO CONTROL COMMISSION
LICENSING STATISTICS AS OF DECEMBER 31, 1983

CASINO-HOTELS

	1/1/83 to 12/31/83	Inception to 12/31/83
License applications filed	3	26
Temporary casino licenses issued	0	9
Casino licenses issued	1	10
Casino licenses reserved	1	2

CASINO SERVICE INDUSTRIES

Enterprises permitted to conduct business with casino licensees	2,775	7,555*
Enterprises prohibited from conducting business with casino licensees	50	227
Contracts reviewed by CCC	1,058	3,327
Service Industry license applications:		
gaming-related applicants	7	92
gaming-related licenses issued	6	25
gaming-related licenses denied	6	6
gaming-related licenses active		20
gaming-related withdrawals granted	5	9
nongaming-related applicants	235	1,301
nongaming-related licenses issued	140	642
nongaming-related licenses denied	51	67
nongaming-related licenses active		553
nongaming-related withdrawals granted	41	143
junket enterprise applicants	146	146
junket enterprises licensed	15	15
exemption requests received	19	117
exemption requests accepted for filing	16	64
enterprises granted exemptions by CCC	0	9

*This figure is less prohibited vendors, 3,529 purged vendors, and 60 vendors which were administratively deleted from the Master Vendors List.

GAMING SCHOOLS

Applications filed	0	14
Schools licensed	0	8
Currently operating	2	

LABOR ORGANIZATIONS

Registered	0	15

CASINO CONTROL COMMISSION
LICENSING STATISTICS AS OF DECEMBER 31, 1983

CASINO-HOTELS

	1/1/83 to 12/31/83	Inception to 12/31/83
Casino key employees:		
applications filed	380	2,928
licenses issued	241	2,326
temporary licenses issued	146	686[a]
Casino employees:		
applications filed	7,133	45,494
licenses issued	5,289	40,108
temporary nongaming licenses issued	818	3,431[b]
temporary junket representative licenses issued	419	419
temporary sole/owner operator junket enterprise licenses issued	290	290
Gaming school employees:		
applications filed	95	858
licenses issued	77	681
temporary licenses issued	19	49[c]
Casino hotel employees:		
license applications filed (through 2/14/82)	n/a[d]	39,480
licenses issued (through 2/14/82)	n/a[d]	32,364
registrations (from 2/15/82)	5,477	10,502
Total employees:		
applications filed	7,608	88,760
licenses issued	5,607	75,479
temporary licenses issued	1,692	4,875
hotel registrations issued	5,477	10,502
position additions processed	3,174	22,428
license renewals processed	17,080	42,408

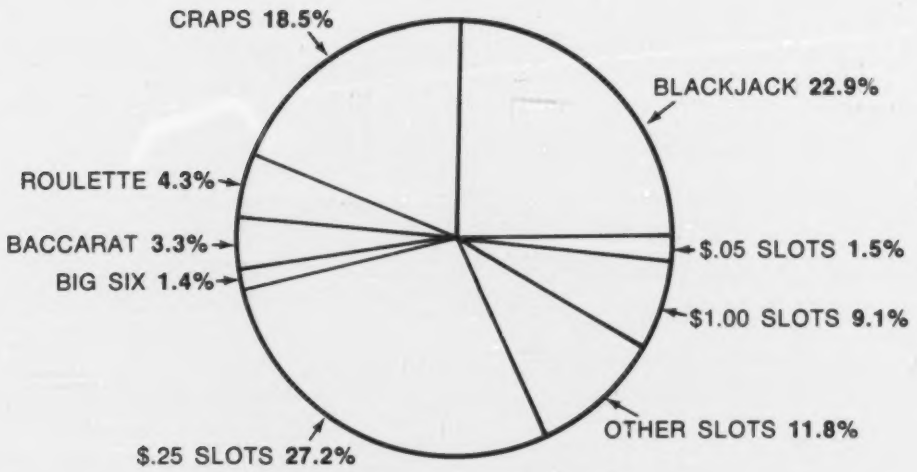
[a]Number of temporary key licenses granted from January 1980 through December 1983.
[b]Number of temporary casino licenses granted from September 1980 through December 1983.
[c]Number of temporary gaming school licenses granted from June 1980 through December 1983.
[d]No longer required.

THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX

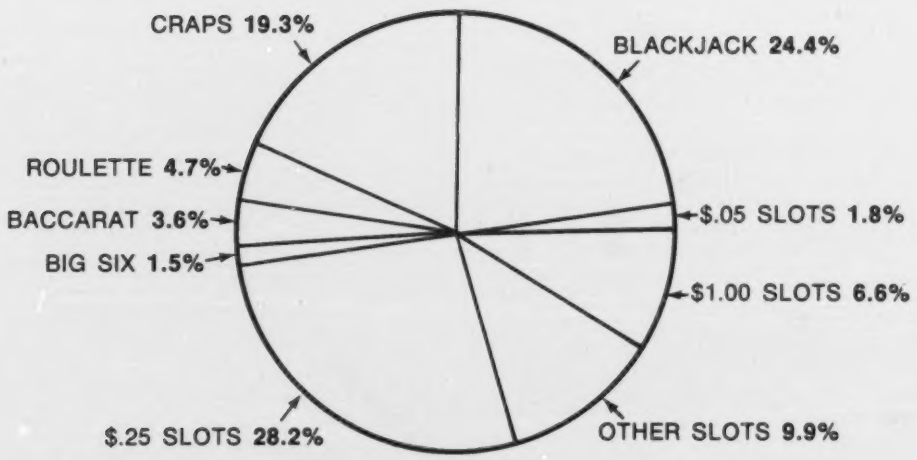
Casino-Hotel	Revenue	Daily Average Revenue	Adjustment for Uncollectibles	Gross Revenue After Adjustment	Tax
Bally					
1983	$ 230,814,258	$ 632,368	$ 925,432	$ 229,888,826	$ 18,391,106
1982	196,421,937	538,142	1,651,845	194,770,092	15,581,607
Caesars					
1983	$ 213,591,342	$ 585,182	$ 5,081,000	$ 208,510,342	$ 16,680,827
1982	194,203,214	532,064	4,392,000	189,811,214	15,184,897
Claridge					
1983[a]	$ 110,205,513	$ 301,933	$ 1,325,986	$ 108,879,527	$ 8,710,,362
1982	89,593,743	245,462	1,624,842	87,968,901	7,037,512
Golden Nugget					
1983	$ 262,810,910	$ 720,030	$ 3,852,500	$ 258,958,410	$ 20,716,673
1982	184,686,846	505,991	2,371,000	182,315,846	14,585,268
Harrah's					
1983	$ 201,479,511	$ 551,999	$ 1,893,283	$ 199,586,228	$ 15,966,898
1982	175,695,745	481,358	1,445,920	174,249,825	13,939,986
Playboy					
1983	$ 144,014,321	$ 394,560	$ 1,029,000	$ 142,985,321	$ 11,438,826
1982	141,651,221	388,086	4,056,000	137,595,221	11,007,618
Resorts					
1983	$ 252,471,635	$ 691,703	$ 7,320,940	$ 245,150,695	$ 19,612,056
1982	215,475,611	590,344	3,560,855	211,914,756	16,953,180
Sands					
1983	$ 156,424,701	$ 428,561	$ 2,741,095	$ 153,683,606	$ 12,294,689
1982	145,715,455	399,220	4,175,865	141,539,590	11,345,620[b]
Tropicana					
1983	$ 199,129,719	$ 545,561	$ 2,759,337	$ 196,370,382	$ 15,710,622[c]
1982	149,720,309	410,193	2,160,919	147,559,390	11,804,751
Industry Since Inception					
1983	$1,770,941,910	$4,851,896	$26,928,573	$1,744,013,337	$139,522,059[c,d]
1982	1,493,164,081	4,090,860	25,439,246	1,467,724,835	117,440,439[b,e]
1981	1,099,782,762	3,013,103	18,465,738	1,081,317,024	86,505,361
1980	642,673,245	1,755,938	19,135,671	623,537,574	68,635,460[f]
1979	325,480,531	891,727	1,010,908	324,469,623	34,390,725
1978	134,073,445	609,425	400,000	133,673,445	10,693,876
Total	$5,466,115,974	$2,671,611	$91,380,136	$5,374,735,838	$457,187,920[b,c,d,e,f]

[a]Figures for 1983 include the combined results from Claridge Limited and The Claridge at Park Place, Inc.
[b]Includes $19,653 in delinquent taxes and $2,800 in interest paid by Sands.
[c]Includes $851 in delinquent taxes and $140 in interest paid by Tropicana.
[d]Does not include $3,306,809 interest earned from January through December 1983.
[e]Does not include $2,114,401 interest earned from April through December 1982.
[f]Includes a $319,392 penalty imposed by the Casino Control Commission and paid by Resorts.

THE NEW JERSEY CASINO INDUSTRY
BREAKDOWN OF CASINO REVENUE BY GAME
FOR THE YEARS ENDED DECEMBER 31, 1983 AND 1982
($ IN MILLIONS)



1983 CASINO REVENUE $1,770.9



1982 CASINO REVENUE $1,493.2

THE NEW JERS
FACILIT
AT DECEMBE

	Bally		Caesars		Claridge		Golden Nugget		Harrah's	
	1983	1982	1983	1982	1983	1982	1983	1982	1983	19
Table Games:										
Blackjack	76	90	54	63	40	44	57	61	60	
Craps	22	22	24	26	12	12	20	18	22	
Roulette	12	12	7	12	8	8	10	10	12	
Big Six	4	4	3	2	2	2	4	4	3	
Baccarat	3	3	4	4	2	2	2	2	2	
Total Table Games	117	131	92	107	64	68	93	95	99	1
Slot Machines:										
$.05 slot machines	86	136	75	70	55	81	63	63	66	
$.25 slot machines	1,101	1,133	886	919	641	623	727	810	690	7
$1.00 slot machines	162	130	180	105	94	63	179	135	228	2
Other slot machines[a]	239	208	278	270	197	87	233	188	323	2
Total Slot Machines	1,588	1,607	1,419	1,364	987	854	1,202	1,196	1,307	1,3
Casino Square Footage	59,499	60,000	48,965	49,061	34,408	29,950	40,814	40,622	44,698	44,6
Number of Hotel Rooms[b]	512	509	507	509	504	505	522	506	502	5
Convention Space Square Footage[b]	37,440	32,114	25,378	25,854	27,138	26,134	25,024	25,441	23,473	23,6
Number of parking Spaces[b]	816	873	1,000	900	504	504	1,527	867	2,753	2,7
Number of Theatre Seats[b]	310	312	492	492	558	558	540	540	849	8
Number of Restaurants[b]	8	8	9	9	7	6	8	9	8	
Fixed Asset Investment[c] $ in Millions	$336.3	$313.9	$172.3	$139.9	-0-[d]	$144.7	$234.0	$176.8	$164.9	$14
Number of Employees	3,751	3,569	3,400	3,198	2,253	2,148	3,209	3,058	3,789	3,3

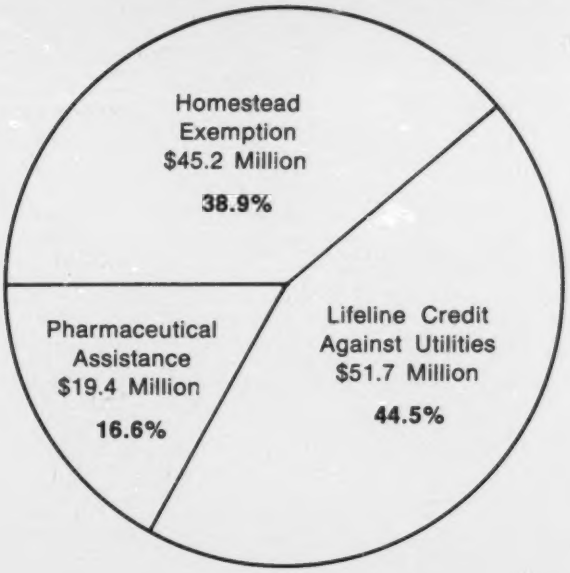
[a]Includes all other denominations and types of slot machines.
[b]For the fiscal year ended on or about December 31.
[c]Represents property, plant, and equipment before accumulated depreciation as reported by each casino licensee.
[d]Fixed asset investment for Claridge at December 31, 1983, is zero because Claridge at Park Place, Inc. leases its property, pl and equipment as a result of a sale and refinancing agreement.

Y CASINO INDUSTRY
STATISTICS
31, 1983 AND 1982

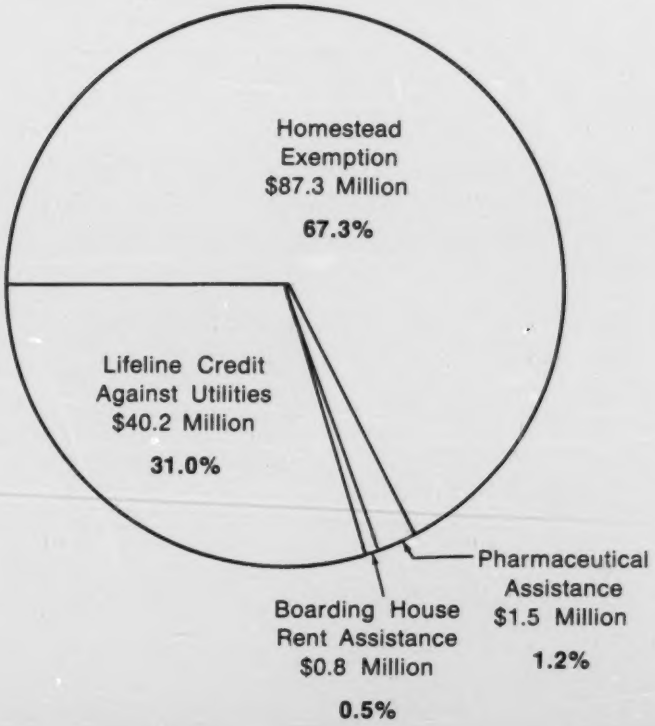
	Playboy		Resorts		Sands		Tropicana		INDUSTRY Totals	
	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982
3	60	76	84	84	43	59	76	76	550	621
3	16	14	20	20	16	16	24	18	176	164
2	11	12	11	11	10	10	11	15	92	102
3	2	3	6	6	2	2	3	4	29	30
2	3	3	3	3	2	2	3	3	24	24
3	92	108	124	124	73	89	117	116	871	941
3	68	74	94	135	56	64	76	76	639	765
4	890	1,070	1,067	1,071	647	622	946	1,097	7,595	8,069
3	95	62	307	309	68	56	167	105	1,480	1,193
7	232	228	261	234	145	308	268	224	2,176	2,034
5	1,285	1,434	1,729	1,749	916	1,050	1,457	1,502	11,890	12,061
3	51,085	52,313	59,857	60,000	32,497	38,336	50,873	50,795	422,696	425,815
2	506	500	701	711	504	504	521	521	4,779	4,767
3	21,767	25,569	49,076	50,125	32,053	26,115	31,556	31,556	272,905	266,561
3	1,594	995	3,238	3,238	765	530	2,174	1,009	14,371	11,669
9	800	800	1,650	1,650	850	850	1,900	1,041	7,949	7,092
3	7	7	12	12	4	3	10	10	73	72
4	$163.9	$148.4	$158.8[b]	$185.5[b]	$108.7	$ 90.3	$300.3[b]	$297.2[b]	$1,639.2	$1,638.1
1	3,473	3,260	4,065[b]	3,938[b]	2,707	2,532	3,550[b]	3,029[b]	30,197	28,093

CASINO REVENUE FUND DISBURSEMENTS
($ IN MILLIONS)

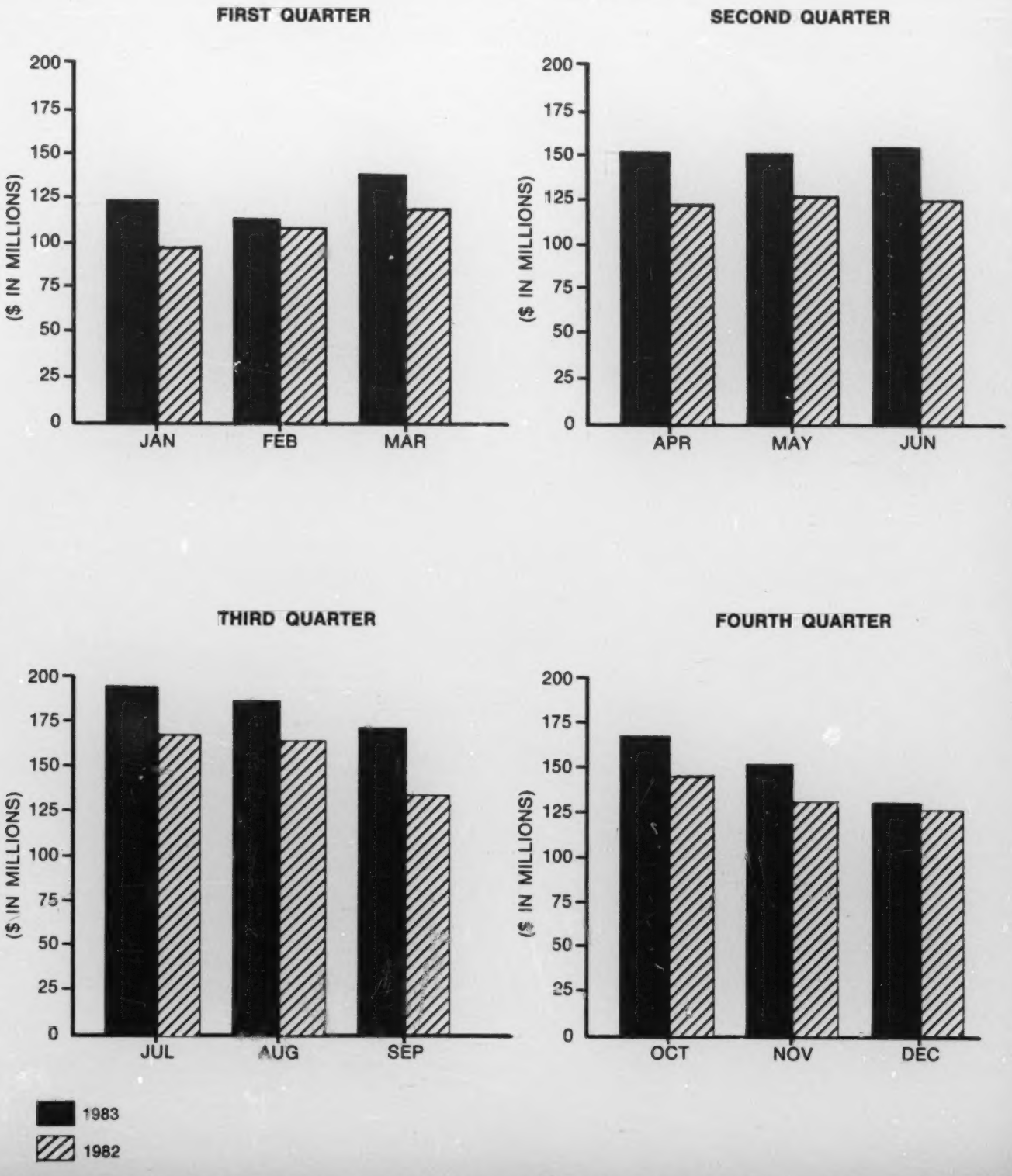
JULY 1, 1982 THROUGH JUNE 30, 1983



JULY 1, 1981 THROUGH JUNE 30, 1982



THE NEW JERSEY CASINO INDUSTRY
COMPARISON OF CASINO WIN
FOR THE YEARS ENDED DECEMBER 31, 1983 AND 1982



THE NEW JERSEY CASINO INDUSTRY
COMPARISON OF ATLANTIC CITY AND NEVADA GAMING REVENUE
FOR THE YEARS ENDED DECEMBER 31, 1983 and 1982
($ in Millions)

	Atlantic City	Nevada	Atlantic City as Percentage of Nevada
1983	$1,770.9	$2,847.2	62.2%
1982	$1,493.2	$2,627.5	56.8%

THE NEW JERSEY CASINO INDUSTRY
COMPARISON OF VISITORS TO ATLANTIC CITY
FOR THE YEARS ENDED DECEMBER 31, 1983 and 1982

Travel Mode	1983	1982	% Change
Automobile*	14,347,000	13,086,000	9.6%
Bus	11,679,615	9,487,542	18.0%
Air*	335,000	223,000	50.2%
TOTAL	26,361,615	22,796,542	13.5%

*Source: New Jersey Expressway Authority

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KARL WEIDEL

State of New Jersey

OFFICE OF LEGISLATIVE SERVICES
DIVISION OF STATE AUDITING
STATE HOUSE ANNEX, CN-067
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 292-6430

JAMES J. DOLAN
STATE AUDITOR

December 21, 1983

TO: Honorable Thomas H. Kean
Governor of New Jersey

Honorable Carmen A. Orechio
President of the Senate

Honorable Alan J. Karcher
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Gentlemen:

We have examined the balance sheet of the *Casino Control Fund,* of the State of New Jersey as of June 30, 1983 and 1982, and the related statements of revenues, expenditures, and changes in fund balances; revenues, expenditures, and changes in fund balances, budget and actual—budgetary basis for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 1C to the financial statements, there are suits pending against the *Casino Control Fund.* The ultimate outcome of these suits cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

In our opinion, subject to the effect on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the accompanying financial statements present fairly the financial position of the *Casino Control Fund* as of June 30, 1983 and 1982 and the results of operations for the years then ended in conformity with generally accepted accounting principles, applied on a consistent basis.

The examination was performed and this report is submitted pursuant to the State Auditor's audit responsibilities as set forth in Article VII, Section 1.6 of the State Constitution, and N.J.S.A. 52:24-4, Legislative Services Law of 1978.

Respectfully submitted,

James J. Dolan
State Auditor

STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 1983 AND 1982

EXHIBIT I

	(in $000) 1983	1982
Assets		
Accounts Receivable (Note 3)	$8,070.6	$4,042.8
Less: Allowance for Doubtful Accounts	(713.0)	(705.4)
Net Accounts Receivable	7,357.6	3,337.4
Due from General Fund (Note 2)	—	—
Total Assets	$7,357.6	$3,337.4
Liabilities & Fund Balances		
Liabilities:		
Accounts Payable (Note 4)	$2,784.3	$4,471.6
Revenue Refunds Payable	—	.1
Due to General Fund (Note 2)	6,956.3	3,065.6
Total Liabilities	9,740.6	7,537.3
Fund Balance: (Note 1)		
Reserved:		
Reserved for Encumbrances:		
Current Year	907.5	753.0
Prior Year	187.9	108.4
Unreserved:		
Undesignated (Deficit)	(3,478.4)	(5,061.3)
Total Fund Balances	(2,383.0)	(4,199.9)
Total Liabilities and Fund Balances	$7,357.6	$3,337.4

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 1983 AND 1982

EXHIBIT II
(in $000)

	1983	1982
Revenues:		
Licenses		
Casino	$15,889.3	$13,206.4
Casino Employees	5,056.0	3,924.8
Slot Machines	6,268.2	5,219.5
Casino Service Industries	1,010.1	818.8
Alcoholic Beverage	735.0	763.6
Work Permits	1,345.8	1,633.8
Special Assessment	4,199.9	—
Fines and Penalties	275.2	62.1
Other Revenue	85.8	68.5
Total Revenues	34,865.3	25,697.5
Expenditures:		
Public Safety and Criminal Justice (Division of Gaming Enforcement) (Schedule I)	19,074.4	18,070.4
Government Direction, Management and Control (Casino Control Commission) (Schedule I)	13,613.7	12,571.7
Total Expenditures	32,688.1	30,642.1
Other Decreases:		
Transfers to General Fund	360.3	68.1
Total Other Decreases	360.3	68.1
Total Expenditures/Other Decreases	33,048.4	30,710.2
Net Increase (Decrease) in Fund Balance for the Year	1,816.9	(5,012.7)
Fund Balance—Beginning	(4,199.9)	812.8
Fund Balance—Ending	$(2,383.0)	$(4,199.9)

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL—BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1983

EXHIBIT III-A
(in $000)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Licenses					
Casino	$15,889.3	$ —	$15,889.3	$13,860.0	$2,029.3
Casino Employees	5,056.0	—	5,056.0	7,393.4	(2,337.4)
Slot Machines	6,268.2	—	6,268.2	5,890.9	377.3
Casino Service Industry	1,010.1	—	1,010.1	299.7	710.4
Alcoholic Beverage	735.0	—	735.0	900.0	(165.0)
Work Permits	1,345.8	—	1,345.8	2,880.0	(1,534.2)
Special Assessments	4,199.9	—	4,199.9	4,200.0	(.1)
Fines and Penalties	275.2	—	275.2	—	275.2
Other Revenue	85.8	—	85.8	50.0	35.8
Total Revenues	34,865.3	—	34,865.3	35,474.0	(608.7)
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement) (Schedule I)	19,074.4	1,095.4	20,169.8	21,134.6	964.8
Government Direction, Management and Control (Casino Control Commission) (Schedule I)	13,613.7	(28.5)	13,585.2	14,339.4	754.2
Total Expenditures	32,688.1	1,066.9	33,755.0	35,474.0	1,719.0
Other Decreases:					
Transfers to General Fund	360.3	—	360.3	—	(360.3)
Total Other Decreases	360.3	—	360.3	—	(360.3)
Total Expenditures and Other Decreases	33,048.4	1,066.9	34,115.3	35,474.0	1,358.7
Net Increase (Decrease) in Fund Balance for the Year	$ 1,816.9	$1,066.9	$ 750.0	$ -0-	$ 750.0

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL—BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1982

EXHIBIT III-B
(in $000)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Licenses					
Casino	$13,206.4	$ —	$13,206.4	$17,820.0	$(4,613.6)
Casino Employees	3,924.8	—	3,924.8	2,998.7	926.1
Slot Machine	5,219.5	—	5,219.5	5,157.7	61.8
Casino Service Industry	818.8	—	818.8	433.5	385.3
Alcoholic Beverage	763.6	—	763.6	900.0	(136.4)
Work Permits	1,633.8	—	1,633.8	2,605.0	(971.2)
Special Assessment	—	—	—	—	—
Fines and Penalties	62.1	—	62.1	—	62.1
Other Revenues	68.5	—	68.5	50.0	18.5
Total Revenues	25,697.5	—	25,697.5	29,964.9	(4,267.4)
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement-Schedule I)	18,070.4	(362.2)	17,708.2	18,394.4	686.2
Government Direction, Management and Control (Casino Control Commission —Schedule I)	12,571.7	525.1	13,096.8	13,170.9	74.1
Total Expenditures	30,642.1	162.9	30,805.0	31,565.3	760.3
Other Decreases:					
Transfers to General Fund	68.1	—	68.1	—	(68.1)
Total Other Decreases	68.1	—	68.1	—	(68.1)
Total Expenditures and Other Decreases	30,710.2	162.9	30,873.1	31,565.3	692.2
Net Increase,(Decrease) in Fund Balances for the Year	$(5,012.7)	$(162.9)	$(5,175.6)	$(1,600.4)	$(3,575.2)

( ) Denotes minus amount

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURE DETAIL
FISCAL YEARS ENDED JUNE 30, 1983 AND 1982

SCHEDULE I
(in $000)

	1983		1982	
	Public Safety and Criminal Justice	Government Direction Management and Control	Public Safety and Criminal Justice	Government Direction Management and Control
Expenditures				
Salaries	$10,543.2	$ 8,774.3	$ 9,293.4	$ 7,637.6
Payroll Taxes and Employee Benefits	2,767.5	1,839.2	2,409.3	1,538.7
Printing and Office Supplies	197.0	196.9	316.0	258.1
Vehicular Supplies	303.3	—	560.4	.5
Travel	25.0	82.2	24.4	73.8
Telephone	506.0	249.5	445.1	212.3
Data Processing	539.6	384.1	293.9	422.5
Professional Services	244.3	334.1	478.5	396.1
Other Services Other Than Personal	314.7	247.6	844.2	398.4
Rent-Facilities	1,127.7	691.3	1,377.7	623.6
Rent-Automobiles and Other	778.4	140.1	735.4	135.6
Indirect Costs (Note 5)	832.6	348.0	947.9	363.1
Office Equipment	29.0	208.0	121.0	413.7
Other Expenditures	866.1	118.4	223.2	97.7
Total Expenditures	$19,074.4	$13,613.7	$18,070.4	$12,571.7

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1983 AND 1982

NOTE 1—**Summary of Significant Accounting Policies**

A. Fund Accounting

The National Council on Governmental Accounting in its publication entitled Statement 1—Governmental Accounting and Financial Reporting Principles defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These statements reflect financial reporting practices in accordance with that definition.

Special Revenue Fund

The Casino Control Fund is classified as a Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

The Casino Control Fund (N.J.S.A. 52:12-143) accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

B. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the finanical statements. Basis of Accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Special Revenue Funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Appropriations are authorized by an act of the Legislature for expenditures during the fiscal year and for a period of one month thereafter. Expenditures are recorded on an accrual basis when the related liability is incurred. Modifications to the accrual basis of accounting include:

a. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.
b. Accumulated unpaid vacation and sick pay are not accrued.

Encumbrances represented by executory and unperformed purchase orders and contracts are recorded and reported as reservations of fund balance since they do not consitute expenditures or liabilities.

C. Revenue and Expenditure Budgets

The Casino Control Fund, as detailed in the following table, operates under a budgetary control system comprised of:

a. The Annual Appropriations Acts approved June 30, 1982 for Fiscal year 1983, June 30, 1981 for Fiscal Year 1982, and various supplemental appropriations acts approved during the fiscal year.
b. Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.
c. Appropriated Revenues (authorized by the Annual Appropriations Act) which establish certain revenues as appropriations.

The above items provided the following amounts for the Fiscal Year 1983 and 1982 budgets (in $000).

	Revenue and Other Increases	
	1983	1982
Annual Appropriations Act	$35,474.0	$29,964.9
Totals	$35,474.0	$29,964.9

	Expenditures Other Decreases	
	1983	1982
Annual Appropriations Act	$35,474.0	$31,565.3
Totals	$35,474.0	$31,565.3

Budetary control is maintained at the program unit level.

There were no expenditures in excess of appropriations in the Casino Control Fund. The accompanying statements of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual—Budgetary Basis present comparisons of the legally adopted budget with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conformance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis is that under the budgetary basis encumbrances are recognized as expenditures. There were no expenditures in excess of appropriations in the Casino Control Fund.

D. Fixed Assets

The State owns extensive fixed assets consisting of: (1) land, (2) office buildings, educational facilities, etc., and (3) equipment used in data processing, offices, etc. Since Special Revenue Funds are accounted for on a spending or financial-flow measurement focus, only current assets and current liabilities are included in the balance sheet. Fixed assets are, therefore, recorded as expenditures at the time of acquisition and are not included as assets of the Special Revenue Funds.

E. Fund Balances

The fund balances of the Casino Control Fund consist of:

a. Reserved for encumbrances—used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
b. Unreserved—Undesignated—used to represent that portion of fund balance resources available for appropriation.

F. Other

Other significant accounting practices are described in Notes 2 to 10.

NOTE 2—**Cash**

Cash transactions of the Casino Control Fund are made through and by the General Fund cash accounts. The balance of cash for this fund held in the General Fund after receipt and disbursement transactions is accounted for and reflected in the respective Due From or Due To Accounts on the Balance Sheet.

NOTE 3—**Accounts Receivable**

Accounts Receivable include amounts which were collected within the one-month period subsequent to June 30, and outstanding billings applicable to June 30, 1983. Approximately 70% of the outstanding billings was satisfied within a three-month period subsequent to June 30. Amounts included in these receivables but not collected within the one-month period subsequent to June 30 are deemed to be collectible.

NOTE 4—**Accounts Payable**

Accounts payable for the Casino Control Fund represent amounts due for goods and services that were received by the State prior to fiscal year end.

NOTE 5—**Indirect Costs**

The Departments of the Treasury and of Law and Public Safety annually allocate a portion of their expenses (based on services provided) to the Casino Control Commission and the Division of Gaming Enforcement.

NOTE 6—**Accumulated Unpaid Vacation and Sick Leave**

At June 30, 1983 and 1982 unpaid vacation was not in excess of a normal year's accumulation. Accumulation of unused sick time is accounted for in the General Fund. Full time State employees earn 15 days of sick leave credits each year, with no maximum accumulation limit. Upon retirement, cash payments are made equal to 50% of the employee's sick leave accumulated, not to exceed $12,000. Funds for this purpose are appropriated annually. At June 30, 1983 and 1982 the estimated value of unused sick leave is approximately $1,207,300 and $1,224,800, respectively.

NOTE 7—**Employee Benefit Costs**

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leave are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

NOTE 8—**Fund Balance**

The deficit fund balance in the Casino Control Fund results from expenditures in excess of revenues. Pursuant to N.J.A.C. 19:41-9.1, an assessment to the casino industry was made in the amount of $2.4 million and payment is due by December 31, 1983. As of December 31, 1983, all nine operating casinos had remitted their assessments.

NOTE 9—**Interest**

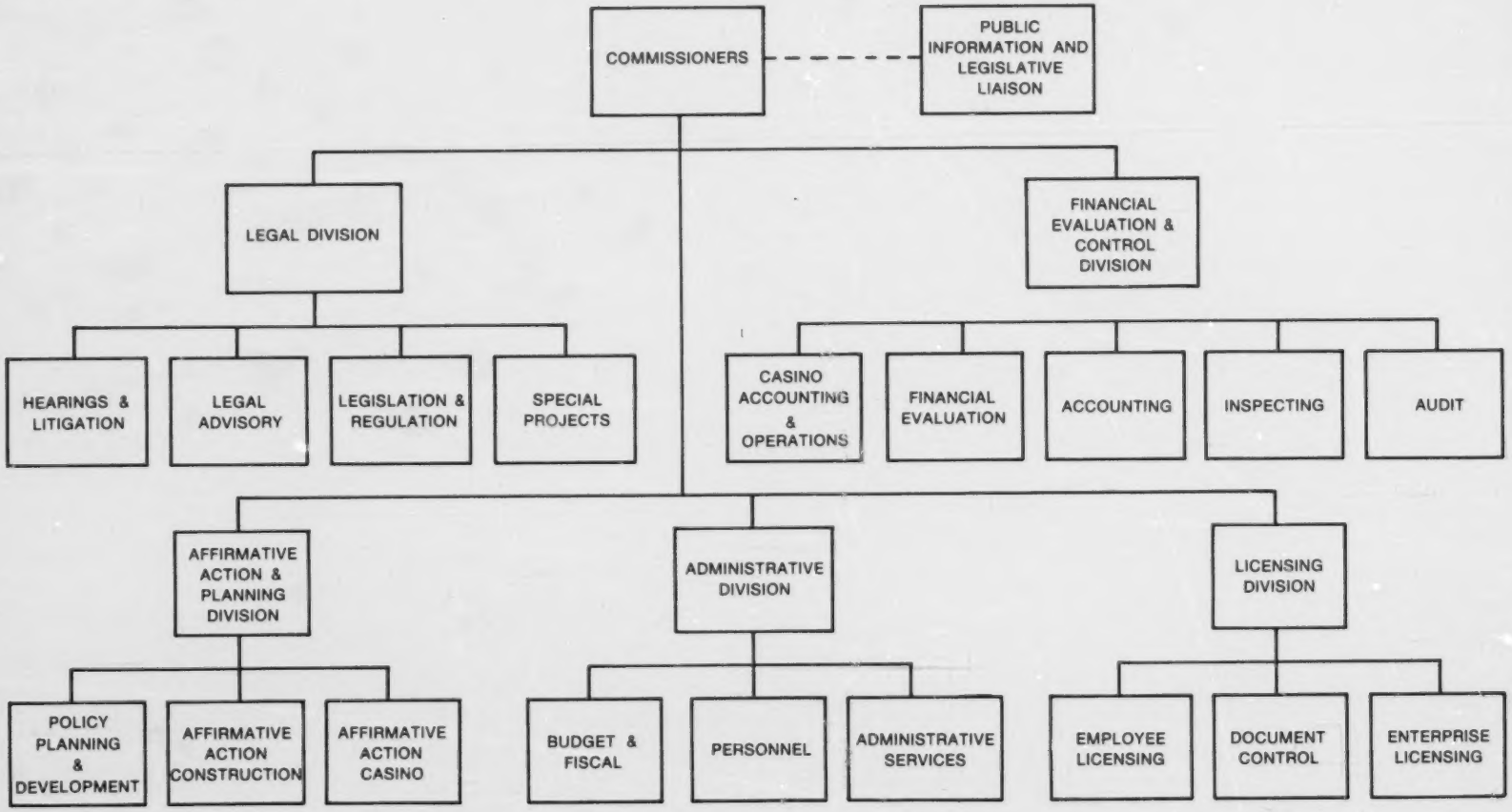
Pursuant to the Annual Appropriations Act, the General Fund charges interest to the Casino Control Fund for disbursements made in excess of receipts collected. The interest rate is equal to the month-end New York Federal Reserve Discount Rate charged to banks. During Fiscal Year 1983, the interest rate varied from 8.5% to 11.5% and the interest charged to the Casino Control fund amounted to $360,300. For Fiscal Year 1982, the interest rate charged varied from 12% to 14%, and the amount charged for Fiscal Year 1982 amounted to $68,000.

NOTE 10—**Contingent Liability**

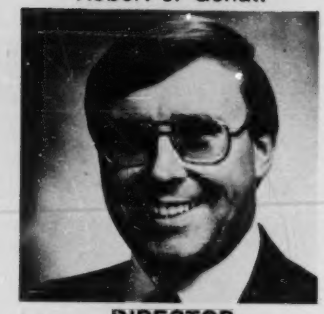
The Casino Control Fund is involved in a number of legal actions wherein there is potential for either a loss of revenue or unanticipated expenditure. The exact amount involved in these legal proceedings is not fully determinable as of June 30, 1983. The major item of litigation concerns a special assessment of $8.0 million imposed by the Casino Control Commission upon 20 casinos in operation or with applications pending as of July 1, 1980, to be paid by December 31, 1980.

This special assessment has been challenged in the New Jersey Superior Court, Appellate Division. It is anticipated that a court decision will be rendered by June 30, 1984. The ultimate disposition of the matter cannot be predicted.

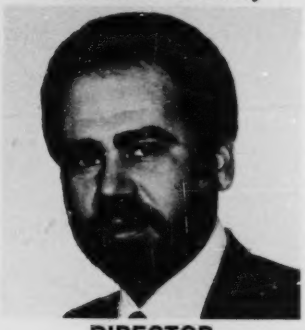
NEW JERSEY CASINO CONTROL COMMISSION
TABLE OF ORGANIZATION



DIRECTOR
Robert J. Genatt



DIRECTOR
William H. Delaney



DIRECTOR
Christopher D. Storcella

DIRECTOR
Jack E. Wood, Jr.

DIRECTOR
Theron G. Schmidt

SENIOR STAFF

LEGAL DIVISION

DEPUTY DIRECTOR-LEGAL
Thomas N. Auriemma

LEGAL ADVISORY
John R. Zimmerman

LEGISLATION & REGULATION
David Missimer

HEARINGS & LITIGATION
Dennis Daly

SPECIAL PROJECTS
Patricia M. Kerins

FINANCIAL EVALUATION & CONTROL DIVISION

DEPUTY DIRECTOR-FINANCIAL
Jeffrey A. Cohen

MANAGER-CASINO OPERATIONS
Patricia A. Hetzel-Cohen

MANAGER-ACCOUNTING UNIT
Paul W. Maksimow

MANAGER-FINANCIAL UNIT
Glenn Simpson

MANAGER-AUDIT UNIT
Deno R. Marino

CHIEF-INSPECTION UNIT
David F. Mullane

DEPUTY DIRECTOR-CASINO OPERATIONS
Michael A. Santaniello

LICENSING DIVISION

DEPUTY DIRECTOR-LICENSING
Richard P. Franz

CHIEF-EMPLOYEE LICENSE
John I. Bowman

CHIEF-ENTERPRISE LICENSE
William J. Hoffman

PROJECT ATTORNEYS SECTION
Scott N. Silver

DOCUMENT CONTROL SECTION
Stephen H. Crist

FACILITIES REVIEW SECTION
Catherine A. Walker

ADMINISTRATIVE UNIT
Susan McAlaren-Kunkle

ENTITIES & QUALIFIERS SECTION
E. Dennis Kell

AFFIRMATIVE ACTION & PLANNING DIVISION

CHIEF-PLANNING UNIT
Barbara Lampen

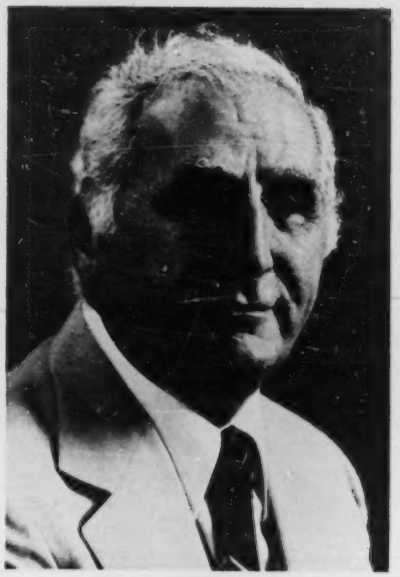
ADMINISTRATION DIVISION

DEPUTY DIRECTOR-ADMINISTRATION
James Fiandaca

COORDINATOR-SYSTEMS DEVELOPMENT
Julian Grauer

CHIEF-BUDGET AND FISCAL
Joseph Papp

CHIEF-PERSONNEL OFFICE
David Hopkins



In Memoriam

JOSEPH P. LORDI

1920-1983

Joseph P. Lordi was appointed as the first chairman of the Casino Control Commission in September 1977 and served until he retired June 1981.

He also served as Essex County Prosecutor, Director of the State Division of Alcoholic Beverage Control, chief counsel to the state Public Utilities Commission and as a Deputy Attorney General.

He served with the Office of Strategic Services during World War II and was assigned special counter-intelligence work in France, Germany and Czechoslovakia.

Mr. Lordi died at home Oct. 20, 1983.

S5360-1-4

New Jersey Casino Control Commission Annual Report December 31, 1984

Casino Control Commission 1984

Carl Zeitz, Joel R. Jacobson, E. Kenneth Burdge, Don M. Thomas, Chairman Walter N. Read (seated)

The Annual Report of the New Jersey Casino Control Commission is submitted to the Governor and to the members of the New Jersey Legislature.

GOVERNOR THOMAS H. KEAN

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New Jersey Casino Control Commission
Princeton Pike Office Park
Building No. 5
3131 Princeton Pike
CN 208
Trenton, New Jersey 08625
Tel. (609) 292-7730

Tennessee Avenue and Boardwalk
Atlantic City, New Jersey 08401
Tel. (609) 441-3200

Statement By Walter N. Read Chairman

To The Governor and the Legislature:

When the history of legalized casino gaming in New Jersey is written, 1984 will rank as one of the most significant years in the redevelopment of Atlantic City as a major tourist center and as a vibrant urban center.

When Governor Thomas H. Kean signed the legislation creating the Casino Reinvestment Development Authority, it culminated a long struggle to provide a mechanism to funnel casino revenues into a program that will ultimately restore Atlantic City to its former prominence as a tourist attraction and home for New Jerseyans.

Not since 1978 when the first casino opened has there been a more significant event as the state moved to carry out the mandate of the voters who authorized casino gaming in 1976 as a way to revitalize Atlantic City.

The new law which passed both houses of the State Legislature with bipartisan support provides that 1.25 percent of each casino's gross revenues will be used for redevelopment in Atlantic City and throughout other parts of the state. The initial thrust of the new legislation will be to provide housing and improvements to the infrastructure in Atlantic City alone and only later will funds be diverted to other parts of the state.

Although enactment of the legislation marked the high point of the year in the struggle to get the development process underway, it was regrettable that it did not take place until the dying days of the year and thus another building year was lost. That lost building time was partially offset when Caesars Atlantic City pledged to purchase $1.8 million worth of CRDA bonds as payment for its previous obligations under the original reinvestment tax credit law.

Members of the new Authority are expected to be named in early 1985 and planning for the revitalization of Atlantic City along the lines of the American City Corporation's concept is expected to begin immediately.

While passage of new state legislation overshadowed other events, several significant accomplishments took place in housing programs in Atlantic City.

Most encouraging was the voluntary contribution by Bally's Park Place to provide housing for low and moderate income families at Jacobs Family Terrace. The plan which is being developed in conjunction with the Atlantic City Improvement Authority is still in the preliminary stages although ground breaking ceremonies for the 73-unit project were held in the latter half of the year.

Progress was also made in the effort to provide more housing for Atlantic City residents as Phase One of the Resorts International $1 million housing plan was completed. Phase One called for the construction of 12 housing units for low and moderate income families now residing in Public Housing. Phase II provides for the rehabilitation of 11 housing units. Low interest rate mortgages will be provided through a mortgage pool funded by the Atlantic City Housing Authority. Applications from residents of public housing units who desire to purchase these renovated units will be received in early 1985.

In addition Phase III of the Resorts $1 million program moved slowly into place. This last section of the plan which will be presented to the Atlantic City Planning Board in early 1985 will provide for approximately 23 more housing units.

The feelings of elation and success which followed the governor's signing of the reinvestment tax credit legislation were tempered only by a sense of loss over the resignation of former Commissioner Don M. Thomas, who had served as acting chairman in 1982 and who had been so instrumental in the redevelopment effort.

Commissioner Thomas, who had been reappointed to another five year term by Governor Kean earlier in the year, resigned in mid-December to accept an offer in private industry. His departure was a loss to the Commission members and staff on both a professional and personal level because of his dedication and contribution to the redevelopment of Atlantic City.

While the campaign to bring about a workable legislative program for the redevelopment of Atlantic City was a major accomplishment it was by no means the only success of the year. In fact it was a year marked by several outstanding achievements.

Chief among these was the decision by the United States Supreme Court upholding the right of the Commission to require organized labor officials to register with the Commission. That decision, despite some subsequent legal maneuvering by union officials, led to the resignation of Frank Gerace as president of Local 54 of the Hotel and Restaurant Employees and Bartenders Union because of his ties to convicted career criminals.

The decision was especially significant because it reinforced the Commission's ability to regulate any company or union or employee who does business or works with the casino industry. Gerace's decision to resign in the wake of the subsequent legal battle over the Supreme Court ruling was viewed as a concession that the Commission's position when it moved against Gerace in 1981 was a correct one.

The Commission and Division staffs meanwhile pledged to monitor the activities of Gerace as well as Frank Materio and Karlos LaSane, two other union officials involved in the same case, to ascertain that they are not involved in any way with casino employees.

This past year also saw the successful conclusion of a long fight to prevent Hugh Hefner from participating in the gaming industry in this state. Hefner, who was denied a license in 1982 and fought the Commission through the state and federal courts before losing in 1983, finally surrendered when he divested himself of all stock in the Playboy Casino in April. Hefner's former partner, the Elsinore Corporation, became sole owner of the property and renamed it Atlantis Casino.

The past year also saw the opening of the tenth casino when Harrah's at Trump Plaza began operations on May 14. The new casino is a partnership between Donald Trump and Harrah's which is a subsidiary of Holiday Inn.

After some opening problems the

CELEBRATING THE CREATION OF THE CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(from left) Assemblyman Chuck Hardwick, Sen. William Haines, Mayor James Usry, Sen. William L. Gormley, Gov. Kean, Assemblyman A. J. (Buddy) Fortunato, Assemblyman Wayne Bryant, Sen. Wynona Lipman and Assemblywoman Dolores Cooper.

new casino became a big attraction along the Boardwalk and by the end of the year it showed gross revenue figures in excess of $125 million.

Casino growth was also evidenced in other ways as the existing casinos continued to expand. The Sands, for example, enlarged its casino floor to 49,000 square feet, refurbished its entrance and added a food court.

The Tropicana undertook a $10 million expansion of its showroom which will be completed early in 1985. Caesars' new tower will include an additional 140 rooms and suites and an expanded theater will be opened in the hotel complex. Harrah's Marina opened its new dockside marina and also added 264 guest rooms during the past year.

In addition, the Commission reviewed the constant upgrading and refurbishing that all casino/hotels undertake during the year.

Gross revenue figures for the year for the industry failed to live up to the early forecasts and although a 10.2 percent growth rate is considered healthy in any industry it fell short of the earlier projected growth rate of 18 to 20 percent. Most stock analysts trimmed their forecasts sharply this year, suggesting that the growth rate would continue in the 10 percent range until more hotel rooms are available and a better transportation network including rail and air carriers is in place.

Not every victory in 1984 was a major one. In some areas, progress continued to be steady albeit slow. True to our pledge to hire more minorities for the Commission staff, we raised the number of minority employees from 83 a year ago to 92 this year and thereby increased our minority employment to 20 percent.

We will continue to press for an improvement in these figures in our own hiring practice and we will continue to work with the ten operating casinos to raise the number of females and minorities in the total industry workforce. Equally important we will continue to ask the industry to hire more women and minorities in all levels of the industry and not limit their progress to selected low or middle level employment positions.

We continue to strive to reach our goal of better response time and greater assistance to patrons who register complaints. This goal, while not totally achieved, has been substantially improved. Last year, for example, the Commission staff handled more than 695 complaints from patrons over table game payoffs, malfunctioning slot machines, cage payoffs, disputes over bus coupons and a variety of other incidents.

Moreover, it is noteworthy that the casinos themselves were more active during the past year in resolving patron complaints. Furthermore, it is hoped that 1985 will see the positive trend continue.

While reinvestment legislation and court battles were stealing the headlines the Commission continued its relentless efforts to maintain the integrity of the industry.

Working in conjunction with the Division of Gaming Enforcement the Commission added 31 names to the so-called Exclusion List. Most of the persons barred from the casinos were reputed members of organized crime or persons who have been convicted of cheating in the casinos.

The Commission continued its policy of levying heavy fines against casinos for what are considered willful violations of the Casino Control Act or the Commission regulations. For example, it assessed Sands $212,000 and Atlantis $186,000 for irregularities in handling financial transactions with a group of Hong Kong visitors.

The five Commissioners also suspended one of Bally's liquor licenses for 30 days for violations of the casino liquor regulations.

Commission members and staff spent countless hours struggling to resolve two areas of major concern. Efforts to tighten casino credit procedures continued with the publication of new regulations and repeated talks with the industry representatives to find some common ground on several controversial items. It is expected that the talks will be concluded early in 1985 and the new procedures in place soon thereafter. Some aspects of the question will require action by the state Legislature.

Less successful was the effort to work out the attempt by Bass Brothers Enterprise, the Texas conglomerate, to become involved in the casino industry. The Texas people sought an interest in the Sands but declined to submit to New Jersey financial and personal disclosure requirements and the Commission reluctantly was forced to rule that unless it agreed to these uniform regulations Bass Brothers had to give up its interest in the Atlantic City casino.

The past year, in summary, was one of the most exciting since the advent of casino gambling here. Besides the euphoria over the reinvestment tax credit question and the court victories, the year was marked by steady progress in all areas. Equally important, it appears that 1985 is likely to be an exciting year as the development of Atlantic City begins to take hold and as the industry continues to demonstrate its vitality and growth.

Respectfully submitted,

Walter N. Read
Commission Chairman

Legal Division

This year the Legal Division has seen several significant matters reach successful conclusions including the litigation which established the Commission's right to examine the qualifications of officials of labor unions representing casino employees.

The Commission also won the right to levy special assessments against various casinos based on a 1980 case involving $8 million in licensing fees.

Equally important, the Commission concluded the case involving Hugh M. Hefner and Playboy Enterprises by approving a divestiture plan which ultimately led to the sale of Playboy Casino Hotel to new owners.

The case against Local 54 of the Hotel and Restaurant Employees and Bartenders International Union was by far the most significant legal action of the year.

In 1981 Local 54 challenged in Federal District Court a provision of the Casino Control Act which requires that all labor organizations seeking to represent employees of a casino/hotel be registered with the Commission. Local 54 also sought a preliminary injunction against the holding of a hearing by the Commission regarding the registration of the union.

In March 1982, U.S. District Court Judge Stanley Brotman denied Local 54's application for a preliminary injunction, thereby permitting the Commission to conduct a hearing. Thereafter, during the spring, summer, and autumn of 1982, the Commission was involved in a lengthy hearing relating to the registration of Local 54. At the conclusion of the hearing, the Commission found three individuals, Frank Gerace, Frank Materio, and Karlos LaSane, to be disqualified.

In June 1983, the Court of Appeals for the Third Circuit, by a vote of 2-1, reversed Judge Brotman's decision and found that the statutory provision in the Casino Control Act regarding Commission registration of labor unions was preempted by federal labor laws. The Commission's petition for rehearing *en banc* was subsequently denied by the Third Circuit.

On July 2, 1984, however, the United States Supreme Court reversed the Third Circuit and held that the labor registration provisions contained in the Casino Control Act were not preempted by federal labor laws.

In November 1984, the Commission and the Division of Gaming Enforcement obtained court orders from the New Jersey Superior Court, Chancery Division, which ordered Gerace, Materio, and LaSane to cease acting as officials of the union. In December 1984, Frank Gerace, the president of the union, resigned his position.

Local 54, Gerace, Materio, and LaSane have also challenged in the Appellate Division of the New Jersey Superior Court the 1982 decision of the Commission which found them disqualified. The Court was scheduled to hear argument in February 1985 and a decision is expected soon.

Less spectacular in terms of public scrutiny but equally significant to the Commission was the successful conclusion of a struggle to collect $8 million in delinquent licensing fees.

Under provisions of the Casino Control Act, the Commission was required to assess and collect a special assessment by December 31, 1980, from all casinos either in operation or with applications pending on July 1, 1980.

This special assessment was designed to pay back loans that had been made to the Casino Control Fund from the General Fund of New Jersey. The Commission assessed 20 entities their respective shares in order to collect $8,004,422 in licensing fees. Numerous protests were received, and the Commission held a hearing on September 15, 1981.

On April 7, 1982, the Commission delivered a written decision from which several appeals were taken.

On March 19, 1984, the Appellate Division upheld the Commission's determinations. Petitions for certification and notices of appeal were subsequently filed with the New Jersey Supreme Court. These were denied and dismissed October 16, 1984. Petitions for reconsideration were thereafter filed, but these were denied in December 1984. The Commission has collected all but approximately $300,000 of the $8,004,422. Efforts are now underway to collect the remainder of the amount due.

In April 1982, after finding Hugh M. Hefner and Playboy Enterprises, Inc. unqualified for licensure in New Jersey, the Commission issued a conditional casino license to Playboy-Elsinore Associates.

Hefner and Playboy Enterprises, Inc. filed a Notice of Appeal with the Appellate Division of the New Jersey Superior Court.

On August 31, 1983, the Appellate Division upheld the Commission's determination that Hefner and Playboy Enterprises, Inc. were unsuitable for licensure in New Jersey.

In November 1983, the New Jersey Supreme denied the petition for certification that had been filed by Hefner and Playboy.

In March 1984, the Commission approved a divestiture agreement whereby the interests of Playboy Enterprises, Inc. and Hugh M. Hefner in the Playboy Hotel Casino (now Atlantis) were purchased by their former partner.

The Casino Control Act reveals a legislative design for the Commission and the Division of Gaming Enforcement to be financed exclusively from license fees that are imposed upon casino/hotels and other persons and entities. Accordingly, the Commission adopted extensive fee regulations which are designed to ensure that the casino regulatory apparatus is self-sufficient.

Over the years, however, there have been a number of individuals and companies which have failed to pay the Commission license fees. The Casino Control Act provides that the Commission has the responsibility to collect all license fees, and it also empowers the Commission to bring a civil action to collect delinquent accounts.

The Legal Division has instituted numerous lawsuits and expended great effort in attempting to collect these delinquent fees. Because of recent changes to the Commission's fee regulations, it is anticipated that the number of lawsuits in this area will begin to decrease over the next several years.

During 1984, a tenth casino/hotel, Harrah's at Trump Plaza, began operations but prior to its opening, a significant number of legal issues had to be resolved since this facility was the first one to be owned by another operating New Jersey casino. Additionally, a proposal for a joint organizational structure for this new facility and the Harrah's Marina Casino Hotel had to be examined extensively by the Commission staff.

During the summer, the Commission also began a lengthy casino

license hearing on the application of Hilton New Jersey, Inc. for a casino license. As of the end of 1984, the hearing had not been completed, but it is expected to be finished in early 1985.

Legalized casino gaming was introduced in Atlantic City following the enactment of the Casino Control Act in 1977. Since that date, it has been amended a number of times in an effort to further the original goals and purposes.

The framers of the original act intended legalized gaming to foster the redevelopment of the tourism, resort and convention industries in Atlantic City, to provide new jobs, and to generate tax revenues.

During 1984 more than 35 bills to amend the Casino Control Act were introduced in the New Jersey Legislature. Of these bills, three became law, including the Tax Credit Reinvestment section.

In January 1984, the Act was amended to permit all employees of the Commission and Division of Gaming Enforcement to engage in part time employment as long as it did not interfere with their duties to the Commission or Division, subject to the approval by the Commission or the Director of the Division.

The Act was also amended to permit a casino licensee to maintain books, records and documents pertaining to the licensee's operations in a location off the licensed premises, provided the location was approved by the Commission. This legislation also allows a casino licensee to retain such books, records and documents for a period of time less than seven years upon approval by the Commission.

During calendar year 1984 the Commission responded to several legislative requests for comments and recommendations concerning changes to the Act, and continued a review of its provisions in an effort to formulate and recommend changes which it deems necessary or desirable.

To assure that public confidence in casino gaming is maintained, the Commission has the power to levy and collect civil penalties for the violations of provisions of the Casino Control Act or of the Commission's regulations. In 1984, there were several significant violation matters which resulted in significant civil penalties. In August, the Commission imposed a civil penalty of $212,000 agains the Greate Bay Hotel and Casino for a number of regulatory violations relating to credit activity. Additionally, in October 1984, the Commission assessed a civil penalty of $186,000 against the former Playboy Hotel and Casino for credit infractions. In both cases, individual employees also had their licenses suspended for brief periods as well as incurring civil penalties.

Administration Division

The Administrative Division, under the direction of the Director's Office, oversees the activities of matters relating to personnel, fiscal and budget, data processing and Commission meetings. The Director also acts as the Executive Secretary and is responsible for assembling materials used by the Commission at open public meetings, casino license hearings and special meetings. The minutes, agendas and various meeting notices are prepared and distributed by this office. Documents covered by the Freedom of Information Act, including meeting and hearing transcripts, are available to anyone who wishes to purchase any or all of those offered. In 1984 the Director's Office collected $76,031.00 through the sale of public meeting and hearing documents.

The Fiscal and Budget Office is responsible for budget preparation, fiscal reporting and purchasing activities. In 1984, the Fiscal and Budget Office processed over 6,800 fiscal documents, an increase of 17% over 1983. The increase in workload was absorbed without adding staff due to the use of micro-computer and word processing technology. The development and associated training for the implementation of these systems occurred during a period of substantial increase in workload.

The Personnel Office provides all personnel, payroll, benefit and training services necessary to the operation of the Commission. The Personnel Office is responsible for developing and maintaining the personnel program of the Commission, providing support and advice to the Commission and staff, conducting studies concerning staffing needs and recruiting new employees. The office prepares all regular, supplemental and overtime payrolls along with maintaining benefit programs. The office also develops and maintains the training and tuition aid program and the work performance and evaluation program. The growth of the Commission staff since FY-1980 has placed tremendous demands on the Personnel Office such as a 77% increase in requests for personnel action, requests for tuition aid and increase in recruitment advertising. In order to absorb the increase in workload without increasing staff to an unacceptable level, the biweekly payroll is now handled via a computer terminal tied into the Treasury centralized payroll system. Personnel has also acquired a micro-computer to absorb the increased workload and to generate needed management reports. In 1985, the Personnel Office plans to develop more computer capabilities to enable it to maintain its present staff level while at the same time expanding its programs to satisfy future needs.

The Office of Data Processing and Systems Development provides the technical expertise necessary to develop computer systems which meet the needs of the Commission and Operating Divisions. This office is actively engaged in a program to develop the data processing resources necessary to meet the demands for timely and accurate information.

For example, a major information system, the Financial Analysis and Report System, was made available during 1984. This information system is designed to maintain financial data relating to casino activities and will incorporate sophisticated capabilities for modeling, statistical analysis, and graphics which will be helpful in analyzing policy issues.

In addition to large computer information systems, the Commission is moving rapidly to exploit the advantages of micro-computers. Many of the professional staff now have access to spread sheet and data base programs that are considered essential to modern business practices. Also, Commission staff have been successful in linking micro-computers to major information systems to provide fast, convenient access to the large systems.

For the future it is expected that micro-computers will play an important role for the Commission by providing powerful but inexpensive data processing resources.

License Division

The License Division is comprised of the Director's Office, the Enterprise License Bureau, Employee License Bureau and the Document Control Unit.

Highlight of the year was reached on February 1 when the 100,000th employee license application was filed. Before the year ended there were 15,603 applications filed, an increase of 19 percent more than 1983. The total applications filed since the first casino opened in 1978 is now 114,598.

Equally significant is the progress which the Employee License Bureau has made in cutting into application backlogs. Acquisition of new microcomputers, integrated with the bureau's data processing system, has virtually eliminated the backlog in processing license applications.

In addition, the acquisition of these micro-computers has strengthened the capability of the bureau to monitor the employees within each casino to determine if license and registration requirements have been satisfied.

In 1985, as in 1984, it is anticipated that there will be a significant increase in the number of persons working in the casino industry, as well as a corresponding increase in the number of applications. Thus, one of the goals of the bureau will be to meet the higher employee monitoring and application processing demands in a timely manner.

The Enterprise License Bureau which monitors the business relationships between the casinos and the 10,000 businesses and suppliers which service the industry made major strides in reaching one of its primary objectives for the year. The bureau staff members now conduct on-site compliance reviews at each of the operating casinos which has enabled the agency to streamline its procedures and, in some cases, eliminate much of the paperwork the licensees were once required to file.

Of significant importance during the coming year will be the effective use of on-line data processing systems which are designed to eliminate even more of the paper burdens presently placed on the industry.

There is also a continuing high priority on the workshops which the bureau has conducted for industry representatives to examine various regulatory procedures.

Both the Enterprise License Bureau and the Employee License Bureau cooperated with Cumberland County officials in an effort to bolster the sagging Cumberland County economy. As a result of several meetings a number of Cumberland County residents became employed in the industry and some Cumberland business firms are now soliciting casino business.

The Document Control Unit, like both the Enterprise License and Employee License Bureaus, became computerized during the past year and now has better tracking capabilities over its 145,000 employee files as well as the 15,000 Enterprise License files.

The Alcoholic Beverage Unit and the Facilities Review Section both operate under the aegis of the Director's Office. The Alcoholic Beverage Unit granted two new licenses this year as well as renewing the 11 existing licenses. The Facilities Review Section handled ten formal petitions for Commission approval and 61 modification requests, most of them dealing with expansion or change within a casino.

In March 1984, a reorganization of personnel within the Division, was completed with the transfer of Assistant Counsel positions to the newly created License Advisory Section of the Legal Division. This consolidation of attorney positions within the Legal Division will ensure consistency of advice and legal opinions.

Division Of Financial Evaluation & Control

The Division of Financial Evaluation & Control was actively involved throughout 1984 analyzing casino/hotel operations to ensure statutory compliance and preserve the integrity of New Jersey's gaming activity and funds control.

Detailed financial and operational reviews performed for the opening of Harrah's at Trump Plaza represented only one of the highlights of the year's activities. During 1984, staff members also worked closely with Hilton Atlantic City in preparation of its anticipated 1985 opening as well as conducting preliminary analyses of casino/hotel proposals submitted by Showboat, Resorts II, Shelborne, and Dunes. Although firm completion dates have yet to be announced for these projects, it is anticipated that an increasing amount of the Financial Division's resources will be devoted to these projects during 1985.

The Financial Division entered many new arenas during 1984 as its responsibilities continued to parallel the increasingly complex issues presented by the New Jersey casino industry. Several of the industry's unprecedented highly technical refinancing transactions, including buy-out agreements and creative refinancing of existing loans, commanded a significant part of the Division's attention. These unique transactions utilized highly sophisticated accounting techniques challenging the Commission's financial staff to apply the most current accounting principles and tax laws in order to provide the Commission members with the financial information necessary to enable them to act on these plans.

Much of the staff's attention was also devoted to monitoring and approving alterations to casino floor layouts and approving amendments to certificates of operation due to the major renovations and expansion at several facilities. In conjunction with this area of responsibility, the Financial Division also became involved in evaluating and developing improved life-safety procedures within each casino/hotel complex. Areas such as egress, ingress, and crowd control were analyzed in cooperation with other state and local agencies to determine the adequacy of each facility's entrances, exits, and casino aisle spaces in the event of an emergency evacuation.

Another major 1984 accomplishment was the analysis and coordination of major modifications to accounting systems and operational procedures for nine of the ten casino/hotels. These modifications involved the conversion of manual or existing EDP systems to new, highly complex systems. To ensure the systems' integrity, the Commission's analysts utilized technical expertise in computer hardware and software and accounting and internal controls.

One of Division's major tasks in 1984 was the in-depth analyses of Section 144 Investment Obligation Alternative Tax. This difficult and time consuming review contributed to the efforts of

the Legislature and the Governor's office to resolve this important issue.

Several jurisdictions considering legalized casino gaming also requested the Financial Division's expertise, including Australia, Pennsylvania, and Jamaica. During 1984 the Commission's financial staff provided these jurisdictions as well as Nevada and the Bahamas with technical advice on regulating numerous operational and financial areas, including financial reporting, internal controls, and financial stability. Data and analyses compiled since the inception of casino gaming in New Jersey were also provided for their review.

The Financial Division continued to advise the Securities and Exchange Commission on New Jersey casino licensees' filings, including several debt and security offerings. All references to the Casino Control Act and related regulations as well as references to historical and forecasted financial results for individual licensees and the industry as a whole were verified by Commission staff for the SEC throughout 1984.

A significant amount of staff time was also allocated to providing valuable assistance to the Division of Gaming Enforcement. During the first quarter of 1984, the Commission's financial staff initiated quarterly briefings for the Division of Gaming Enforcement that addressed the current financial position of individual casino licensees, proposed financial transactions, and new financial developments.

The revision of the fee structure used to bill applicants and licensees was another major accomplishment of the Financial Division during 1984. The primary goals of the fee structure changes were:

- the development of a billing rate that provides the casino industry with a more equitable distribution of operating costs on a regular basis
- the institution of a flat filing fee for casino service industries to encourage an increase in the number of applications submitted for licensure

High on the list of the Financial Division's 1984 accomplishments was the Commission's adoption of the revised regulations regarding casino credit. The Commission voted in December to publish these revisions in the *New Jersey Register*. After considering the comments received and addressing any additional concerns, the Commission will take the appropriate action during the early part of 1985.

In accordance with the Financial Division's responsibility for ensuring the integrity of New Jersey's casino gaming activity, the Inspection Unit assumed a key role in the identification and subsequent arrest of casino employees engaged in criminal activities. Commission inspectors were also involved in the identification of Atlantic City slot machines found during raids of illegal gaming in New York City.

The increased utilization of computer technology in its daily operations was another facet of the Financial Division's achievements in 1984. Staff members continued to be actively involved with the development of the Commission's financial data base on casino operations. The monthly statistical package, formerly prepared manually, was completely converted to a computerized system, and micro-computers were extensively used for spreadsheet/financial analyses and graphics presentations of complex financial issues facing the Commission.

The Financial Division plans to develop a new time and expense tracking system in 1985 that will provide the Commission with more informative and timely cost and management reports. Overall operational efficiency will be further enhanced with the data base's inclusion of quarterly and annual financial data. Staff also plans to develop and implement procedures that will enable all casino licensees to fulfill their reporting requirements by using computer tapes, floppy diskettes, and hard copy reports. As a continuing commitment the Commission's Financial Division will continue its efforts to streamline financial reporting requirements as well as ensure the adequacy and accuracy of financial information submitted to the Commission.

During 1985 the Financial Division also plans to provide the Commission with an in-depth analyses of gaming tournaments (which were conducted on an experimental basis for almost two years). Based upon staff analyses of the operating procedures and financial results of these events, the Commission will determine whether gaming tournaments are appropriate for New Jersey. If the Commission rules in favor of future tournaments, the Financial Division will then formulate regulations to govern their conduct.

Affirmative Action and Planning Division

The Affirmative Action and Planning Division is comprised of two units under the direction of Director Jack E. Wood, Jr.

The Affirmative Action unit monitors the performance of the casino/hotel industry, its construction contractors and casino service industries with respect to compliance with the equal employment opportunity and affirmative action provisions of the Casino Control Act and Commission regulations.

The past year marked the third full calendar year for which the Affirmative Action unit provided comprehensive documentation of the ten member casino/hotel industry's affirmative action performance. By the close of the year, the industry employed 35,356 workers of whom 15,931 (45%) were females and 10,676 (30%) were minorities. Of the industry's 5,420 dealers, 2,055 (38%) were females and 1,272 (23%) were minorities.

Of almost 7,400 casino/hotel employees earning in excess of $25,000 per year, 2,047 (28%) were females while 1,178 (16%) were minorities. While these figures were generally better than 1983, the unit plans to push for continued improved compliance figures in the coming years.

The Division's Planning unit assists the Commission in assessing the impact of casino gaming on Atlantic City and its surrounding region and reviewing efforts by the gaming industry to stimulate housing development in the area. Section 84(e) of the Act requires each casino licensee to submit an impact statement which analyzes the effect of the casino/hotel facility on the overall environment.

Review of the facility's impact on the environment with particular attention to housing conditions in the region and efficient flow of traffic around the casino/hotel is a primary responsibility of the Planning unit.

During 1984 the Commission witnessed the beginning of casino spon-

sored housing development in Atlantic City. Fourteen single family homes were built on scattered city-owned lots and five city-owned homes were rehabilitated jointly by Resorts International and the Atlantic City Housing Authority under a program ordered by the Commission. The year was also marked by the ground breaking for the long awaited 73-unit Jacobs Family Terrace program sponsored by Bally's.

Before the close of the year the Planning unit assisted the Commission in its review of projects submitted by Resorts and Caesars for reinvestment tax credit pursuant to Section 144(b) of the Act. While a myriad list of projects was submitted for the Commission's review, neither casino was found to have satisfied the reinvestment criteria.

CASINO HOTEL INDUSTRY EMPLOYMENT LEVELS AS OF DECEMBER 31, 1984

JOB CATEGORY	TOTAL EMPLOYEES	FEMALE EMPLOYEES	MINORITY EMPLOYEES
Officials & Managers	6,632	2,336 (35%)	1,223 (18%)
Professionals	6,123	2,367 (39%)	1,387 (23%)
Technicians	705	171 (24%)	99 (14%)
Salesworkers	233	175 (75%)	72 (31%)
Office & Clericals	5,749	4,428 (77%)	1,627 (28%)
Craftspersons	885	89 (10%)	177 (20%)
Operatives	1,148	303 (26%)	321 (28%)
Laborers	2,225	804 (36%)	1,499 (67%)
Service Workers	11,656	5,258 (45%)	4,271 (37%)
TOTAL	35,356	15,931 (45%)	10,676 (30%)

Casino Revenue

New Jersey collects eight percent of the gross receipts of the operating casinos under the terms of the Casino Control Act. The money is collected by the Commission and deposited in an interest-bearing account in the state Treasury Department.

During the past year the state collected $154,528,006, an increase of 10.2 percent more than in calendar 1983. It brings the state's total collection since the first casino opened in May, 1978, to $611,715,926 including interest.

The Fund is dedicated, in accordance with the constitutional mandate, to financing programs for senior citizens and the disabled. The programs, which are determined by the Legislature, include real estate tax rebates, utility Lifeline assistance programs, pharmaceutical assistance, aid to shut-ins and persons in boarding houses and transportation aid.

During the fiscal year ending June 30, 1984, the state disbursed $136,947,000 to eligible senior citizens and disabled persons under the various programs.

The biggest payments were made to Lifeline credit programs with $58,906,000 being dispensed. Second largest payment from the Fund was $50,900,000 for real estate tax rebates to eligible home owners.

Other disbursements included $25,668,000 for assistance for pharmaceutical needs; $750,000 for boarding house assistance; $550,000 for congregate housing support; $170,000 for general medical services; and $3,000 for railroad and bus costs.

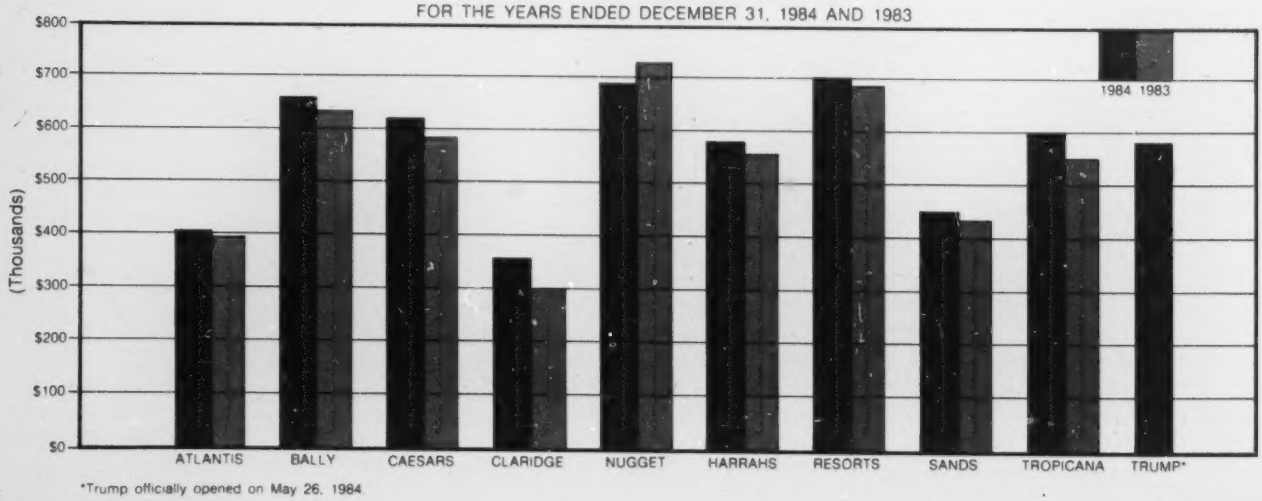
Appropriations for expenditures for the fiscal year ending June 30, 1985 have already been authorized by the state Legislature.

None of the funds collected by the Commission for the Casino Revenue Fund is used to regulate the gaming industry. All the costs of the Commission are borne by the industry and no funds come out of the general treasury.

Cost of administering the Casino Revenue Fund is paid out of the Fund and is approximately two percent of the total cost of the various programs.

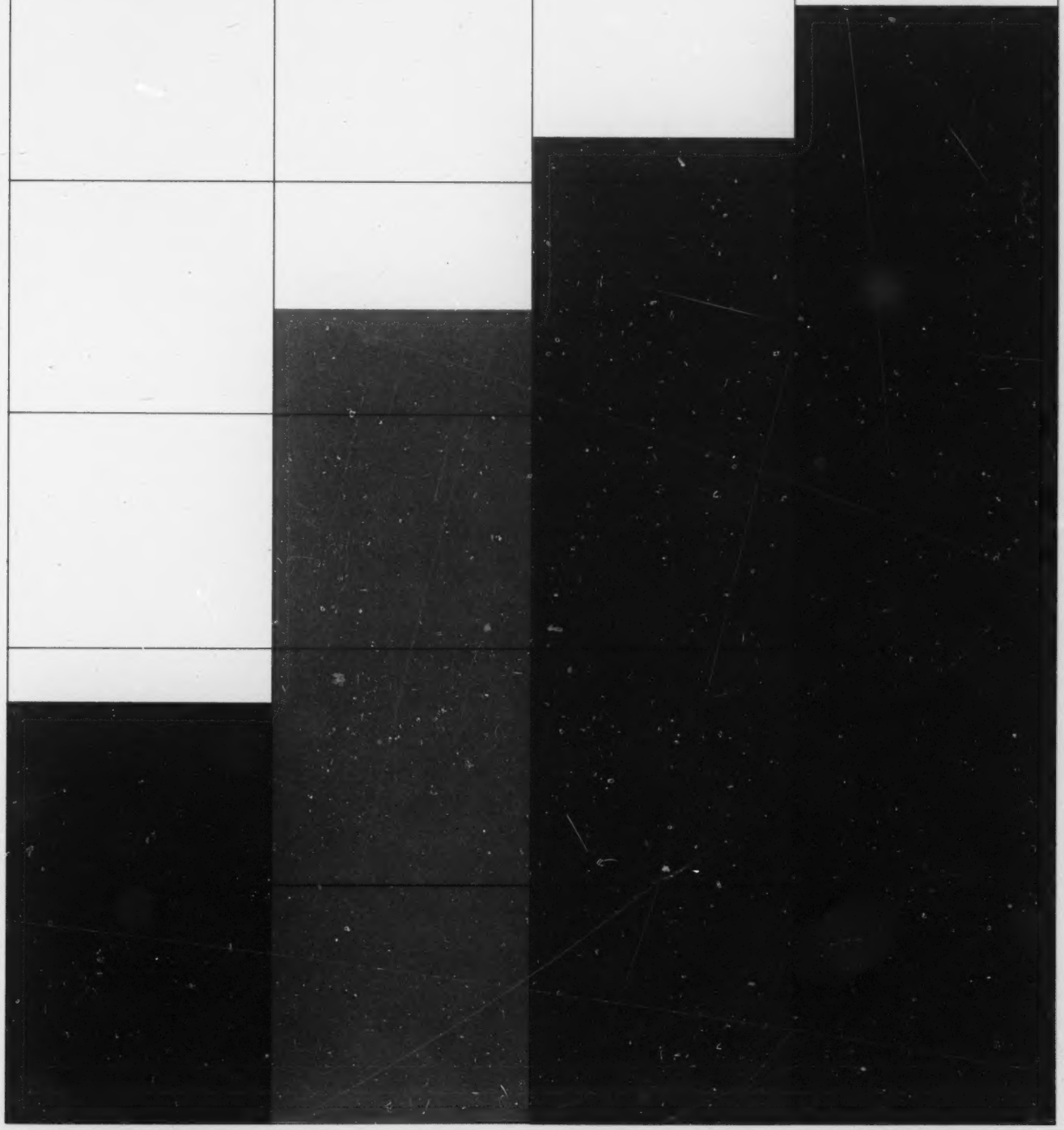
THE NEW JERSEY CASINO INDUSTRY DAILY AVERAGE CASINO WIN

FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983



*Trump officially opened on May 26, 1984

Statistics



CASINO CONTROL COMMISSION
LICENSING STATISTICS AS OF DECEMBER 31, 1984

CASINO SERVICE INDUSTRIES

	1/1/84 to 12/31/84	Inception to 12/31/84
Enterprises permitted to conduct business with casino licensees	2,775	10,320
Enterprises prohibited from conducting business with casino licensees	69	296
Contracts reviewed by CCC	4,188	7,515
Service Industry license applications:		
gaming-related applicants	10	102
gaming related licenses issued	7	32
gaming related licenses denied	1	7
gaming related licenses active		22
gaming related withdrawals granted	2	11
nongaming-related applicants	224	1,712
nongaming-related licenses issued	151	672
nongaming-related licenses denied	3	70
nongaming-related licenses active		644
nongaming-related withdrawals granted	30	173
junket enterprises licensed	15	15
exemption requests received	9	126
exemption requests accepted for filing	8	72
enterprises granted exemptions by CCC	0	9

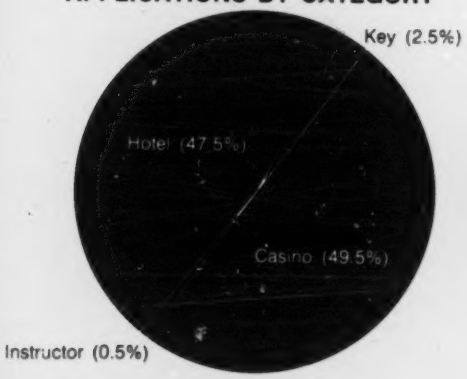
GAMING SCHOOLS

Applications filed	1	15
Schools licensed	0	8
Currently operating	2	

LABOR ORGANIZATIONS

Registered	0	15

APPLICATIONS BY CATEGORY



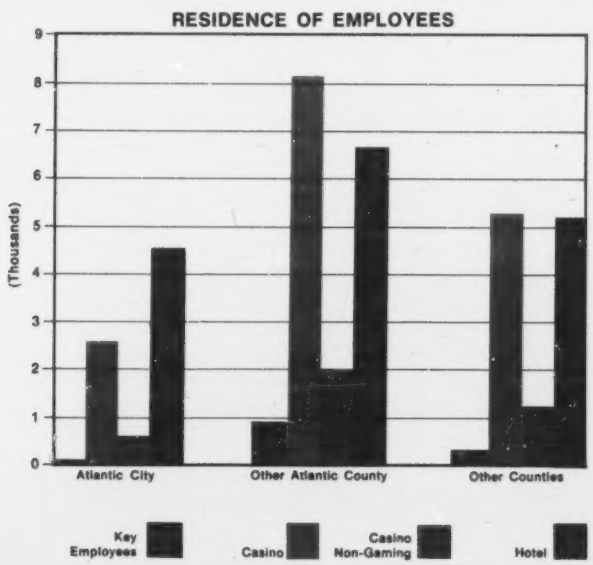
APPLICATIONS BY YEAR

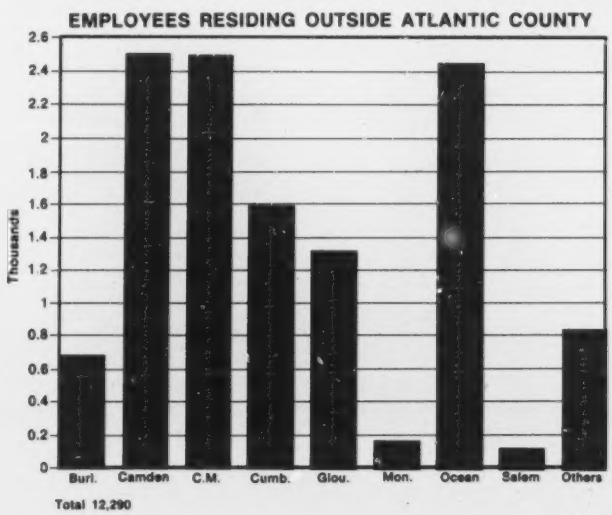
EMPLOYEES BY LOCATION

EMPLOYEE LICENSES

	1/1/84 12/31/84	Inception to 12/31/84
Casino Key Employees:		
Application filed	387	3,313
Licenses issued	375	2,732
Temporary licenses issued	176	862[a]
Casino Employees:		
Applications filed	7,729	53,059
Licenses issued	7,705	50,173
Temporary non-gaming licenses issued	1,113	4,554[b]
Temporary junket representative licenses issued	124	543
Temporary sole owner/operator junket enterprise licenses issued	158[c]	448
Gaming School Employees:		
Applications filed	78	932
Licenses issued	67	724
Temporary licenses issued	11	60[d]
Casino Hotel Employees:		
License & Registration Applications filed	7,409	57,479
Licenses & Registrations issued	7,409	57,374
Total Employees:		
Applications filed	15,603	114,783
Licenses issued	8,147	85,993[e]
Hotel registrations issued	7,409	25,010[f]
Temporary licenses issued	1,582	6,457
Position additions processed	4,114	29,383
Employee licenses renewals processed	13,897	54,899

[a]Number of temporary key licenses granted from January 1980 through December 1983.
[b]Number of temporary casino licenses granted from September 1980 through December 1983.
[c]Includes some individuals also temporarily licensed as Junket Representatives.
[d]Number of temporary gaming school licenses granted from June 1980 through December 1983.
[e]Includes hotel employee licenses issued before February 15, 1982.
[f]Includes persons who were "grandfathered" in as registrants.





THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

(Thousands)

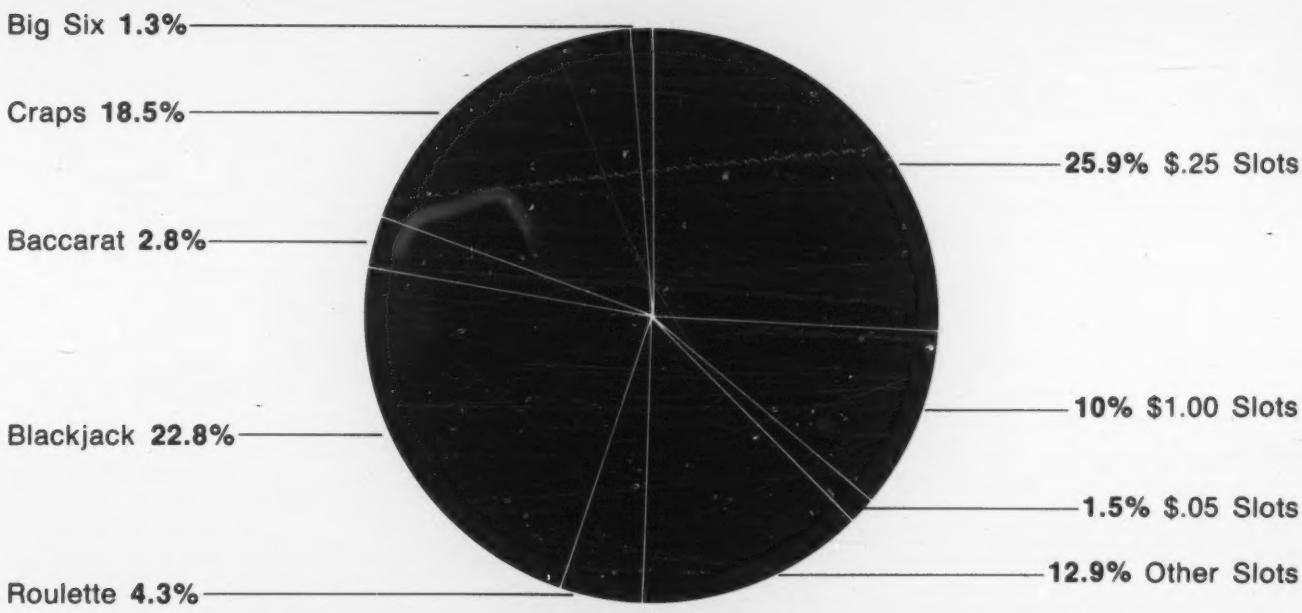
Casino-Hotel	Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
Atlantis				
1984	$147,002	$ 725	$146,277	$11,702
1983	144,014	1,029	142,985	11,439
Bally				
1984	$237,140	$ 713	$236,427	$18,914
1983	230,814	925	229,889	18,391
Caesars				
1984	$223,163	$2,679	$220,484	$17,639
1983	213,591	5,081	208,510	16,681
Claridge				
1984	$123,140	$1,275	$121,865	$ 9,749
1983[a]	110,206	1,326	108,880	8,710
Golden Nugget				
1984	$251,033	$2,923	$248,110	$19,849
1983	262,811	3,853	258,958	20,717
Harrah's				
1984	$210,432	$1,800	$208,632	$16,691
1983	201,480	1,893	199,587	15,967
Resorts				
1984	$256,215	$1,216	$254,999	$20,400
1983	252,472	7,321	245,151	19,612
Sands				
1984	$159,526	$3,253	$156,273	$12,502
1983	156,425	2,741	153,684	12,295
Tropicana				
1984	$218,492	$2,568	$215,924	$17,274
1983	199,130	2,759	196,371	15,711[c]
Trump				
1984	$125,623	$1,661	$123,962	$ 9,917
1983[b]	—	—	—	—

[a]Figures for 1983 include the combined results from Claridge Limited and The Claridge at Park Place, Incorporated.
[b]Trump officially opened on May 26, 1984.
[c]Includes one thousand dollars in delinquent taxes and interest paid by Tropicana.

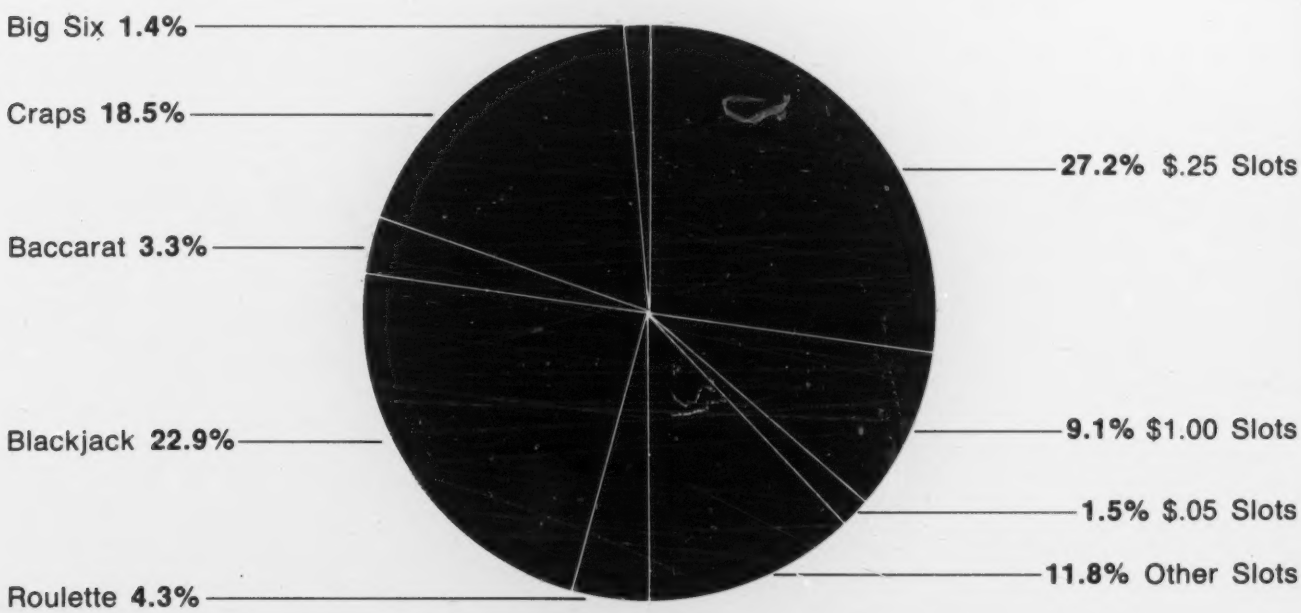
THE NEW JERSEY CASINO INDUSTRY
OFFICIAL OPENINGS

CASINO	DATE	CASINO	DATE
Atlantis	April 14, 1981	Harrah's Marina	November 23, 1980
Bally	December 29, 1979	Resorts	May 26, 1978
Caesars	June 26, 1979	Sands	August 13, 1980
Claridge	July 23, 1981	Tropicana	November 26, 1981
Golden Nugget	December 12, 1980	Trump Plaza	May 26, 1984

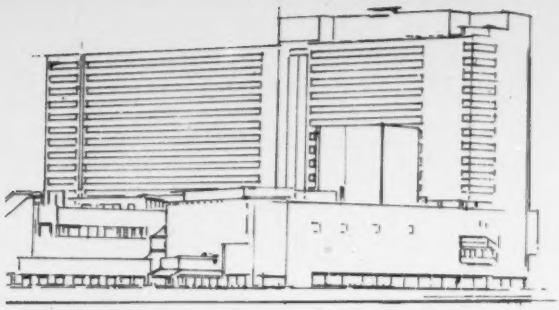
BREAKDOWN OF CASINO WIN BY GAMES
FOR 1984 AND 1983
(Millions)

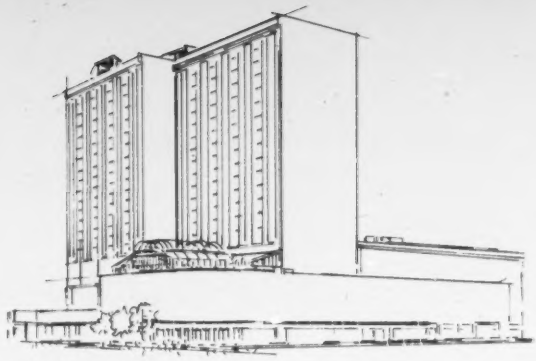


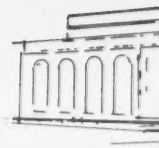
1984 CASINO WIN $1,951.8



1983 CASINO WIN $1,770.9







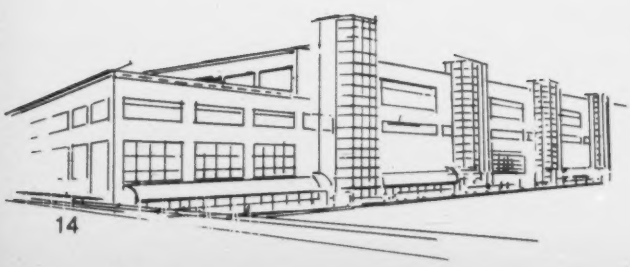
THE NEW JERSEY CASINO INDUSTRY FACILITY STATISTICS AT DECEMBER 31, 1984 and 1983

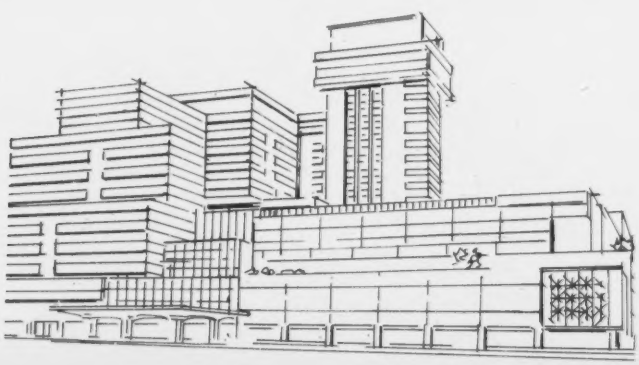
	Atlantis		Bally		Caesars		C
	1984	1983	1984	1983	1984	1983	1984
Table Games:							
Blackjack	61	60	76	76	72	54	40
Craps	16	16	22	22	24	24	12
Roulette	11	11	12	12	10	7	8
Big Six	2	2	4	4	4	3	2
Baccarat	3	3	3	3	4	4	2
Total Table Games	93	92	117	117	114	92	64
Slot Machines:							
$.05 slot machines	66	68	89	86	84	75	54
$.25 slot machines	851	890	1,071	1,101	797	886	574
$1.00 slot machines	155	95	199	162	211	180	146
Other slot machines[a]	239	232	237	239	495	278	225
Total Slot Machines	1,311	1,285	1,596	1,588	1,587	1,419	999
Casino Square Footage	51,051	51,085	59,439	59,499	59,999	48,965	33,937
Number of Hotel Rooms	500	506	507	512	645	507	501
Convention Space Square Footage	26,693	21,767	41,365	37,440	25,946	24,755	25,075
Number of Parking Spaces	1,616	1,594	816	816	1,000	1,000	614
Number of Theatre Seats	850	800	310	310	492	492	558
Number of Restaurants	7	7	9	8	8	9	6
Fixed Asset Investment[b] (Millions)	$173.1	$163.9	$380.9	$336.3	$254.2	$172.3	$8.3[c]
Number of Employees	3,390	3,473	3,623	3,751	3,661	3,400	2,658

[a]Includes all other slot machines.

[b]Represents property, plant, and equipment before accumulated depreciation as reported by each casino licen

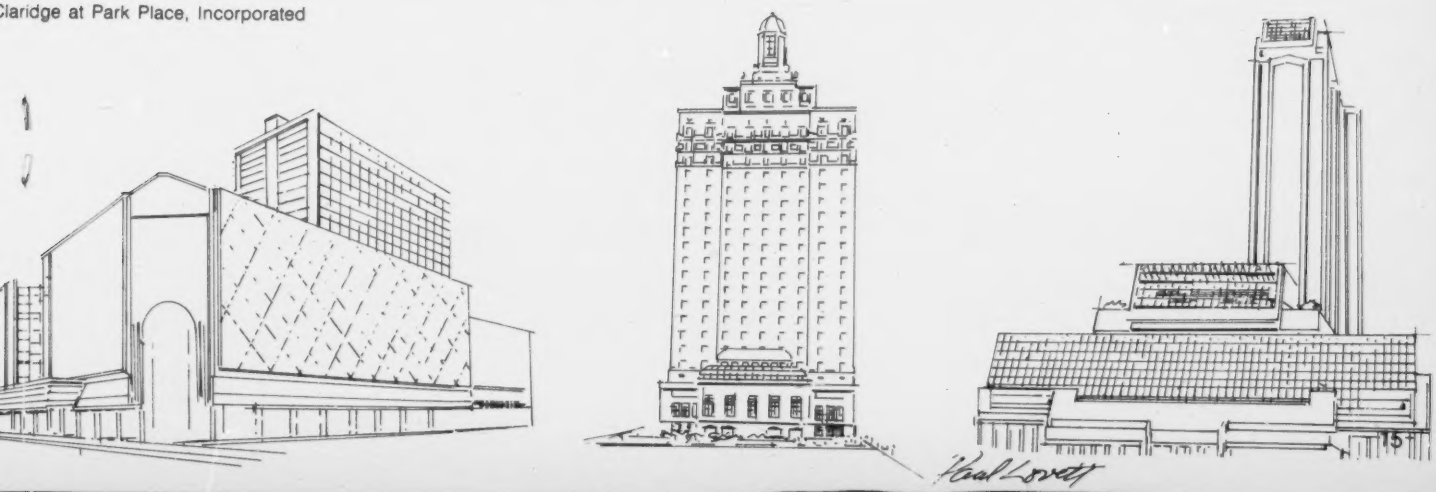
[c]Fixed asset investment for Claridge at December 31, 1983 and 1984, only includes gaming equipment because leases its property, plant, and equipment as a result of a sale and refinancing agreement.



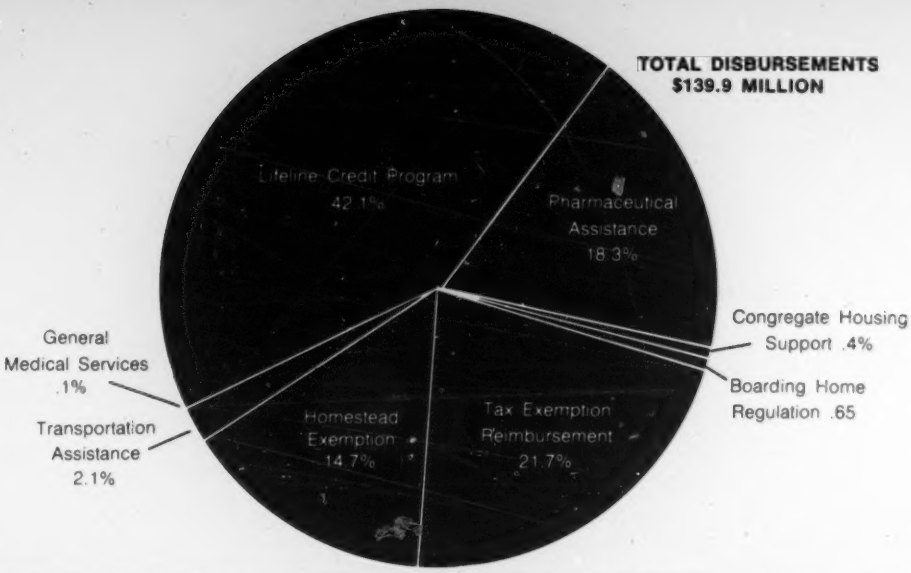


ridge	Golden Nugget		Harrah's		Resorts		Sands		Tropicana		Trump	Industry Totals	
1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1984	1983
40	57	57	60	60	81	84	57	43	76	76	82	662	550
12	20	20	22	22	22	20	21	16	26	24	22	207	176
8	10	10	12	12	11	11	12	10	11	11	12	109	92
2	4	4	3	3	4	6	2	2	3	3	6	34	29
2	2	2	2	2	3	3	2	2	3	3	3	27	24
64	93	93	99	99	121	124	94	73	119	117	125	1,039	871
55	63	63	67	66	94	94	76	56	73	76	88	754	639
641	732	727	641	690	988	1,067	943	647	935	946	917	8,449	7,595
94	179	179	228	228	235	307	160	68	175	167	215	1,903	1,480
197	228	233	393	323	347	261	281	145	276	268	514	3,235	2,176
987	1,202	1,202	1,329	1,307	1,664	1,729	1,460	916	1,459	1,457	1,734	14,341	11,890
34,408	40,814	40,814	44,698	44,698	59,857	59,857	49,459	32,497	50,850	50,873	60,000	510,104	422,696
504	522	522	502	502	689	701	500	504	516	521	612	5,494	4,779
27,138	24,454	25,024	23,404	23,473	49,445	49,076	27,184	32,053	28,762	31,556	30,459	302,467	272,905
504	1,672	1,527	2,699	2,753	3,238	3,238	765	765	2,506	2,174	1,051	15,977	14,371
558	540	540	849	849	1,600	1,650	850	850	1,060	970	718	7,827	7,019
7	6	8	6	8	9	12	10	4	9	10	7	77	73
$7.2[c]	$173.3	$234.0	$184.1	$164.9	$165.7	$158.8	$135.2	$103.7	$98.0	$300.3	$192.1	$1,764.9	$1,641.4
2,253	3,446	3,209	3,514	3,789	4,008	4,065	3,831	2,707	3,689	3,550	4,148	35,968	30,197

e.
Claridge at Park Place, Incorporated

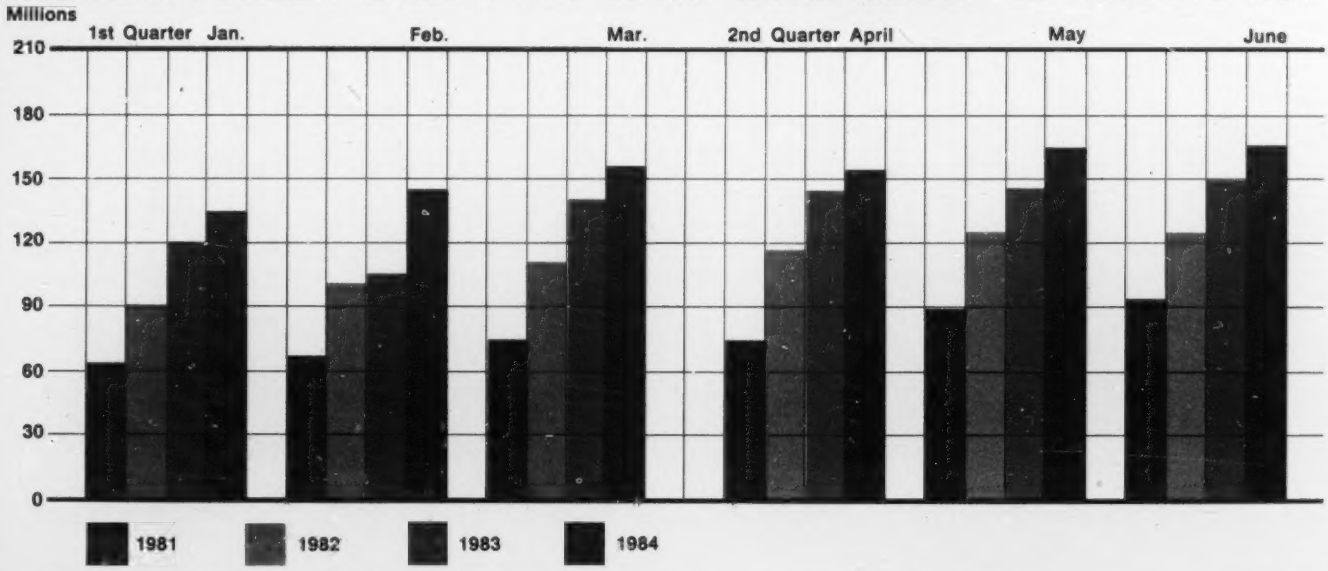


CASINO REVENUE FUND DISBURSEMENTS



July 1, 1983
Through
June 30, 1984

THE NEW JERSEY CASINO INDUSTRY COMPARISON OF CASINO WIN



VISITORS BY TRAVEL MODE

Travel Mode	Atlantic City* 1984	Atlantic City* 1983	Las Vegas 1984	Las Vegas 1983
	15,448,000	14,347,000	6,280,439	5,951,866
	12,761,000	11,679,615	1,412,778	1,222,479
	257,000	335,000	5,137,373	5,161,577
	—	—	12,843	12,348
Total	28,466,000	26,361,615	12,843,433	12,348,270

GAMING REVENUE

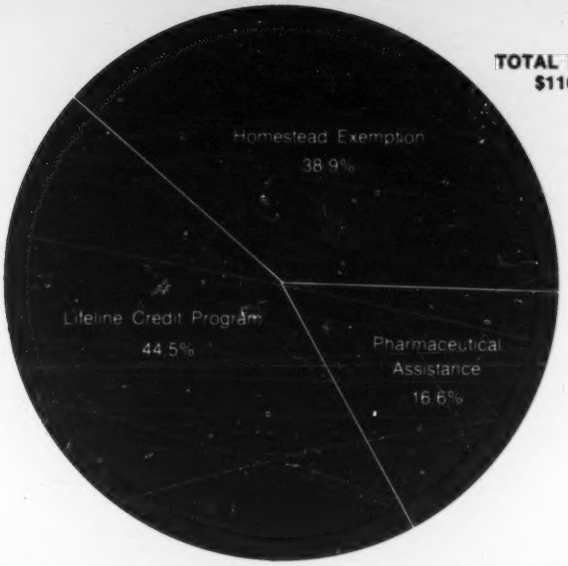
FOR THE YEARS ENDED DECEMBER 31, 1984 and 1983
(Millions)

	Atlantic City	Las Vegas
1984	$1,951.8	$2,007.9
1983	$1,770.9	$1,886.8

CONVENTION STATISTICS

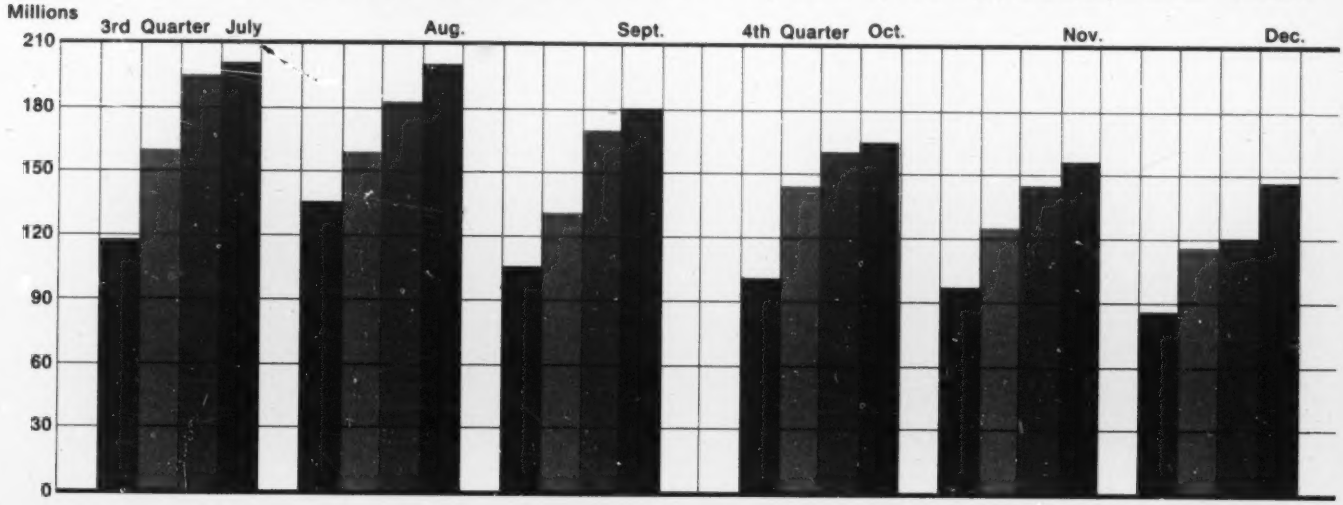
	Atlantic City 1984	Atlantic City 1983	Las Vegas 1984	Las Vegas 1983
Conventions	1,874	1,541	499	453
Attendance	484,894	512,794	1,050,916	943,611
Revenue Generated (Millions)	$258.4	$265.6	$792.4	$652.2

*Source: New Jersey Expressway Authority



July 1, 1982 Through June 30, 1983

FOR THE YEARS ENDED DECEMBER 31, 1984, 1983, 1982, AND 1981



FACILITY STATISTICS
FOR THE YEAR ENDED DECEMBER 31, 1984

	Atlantic City	Las Vegas
ANNUAL VISITORS	28.5 MILLION	12.8 MILLION
AVERAGE LENGTH OF STAY	3.2 DAYS	4.3 DAYS
CASINO HOTELS	10	33

	Atlantic City	Las Vegas
HOTEL ROOMS	9,068	54,656
CASINO HOURS	10 a.m.-4 a.m. Weekdays 10 a.m.-6 a.m. Weekends	OPEN 24 HOURS
TABLE GAMES	1,039	2,790
SLOT MACHINES	14,341	56,295

Atlantic Photo

CARMEN A. ORECHIO
CHAIRMAN

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State of New Jersey
OFFICE OF LEGISLATIVE SERVICES
DIVISION OF STATE AUDITING
STATE HOUSE ANNEX, CN-067
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 292-6430

JAMES J. DOLAN
STATE AUDITOR

November 26, 1984

The Honorable Thomas H. Kean
Governor of New Jersey

The Honorable Carmen A. Orechio
President of the Senate

The Honorable Alan J. Karcher
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Gentlemen:

We have examined the balance sheet of the *Casino Control Fund* of the State of New Jersey as of June 30, 1984 and 1983, and the related statements of revenues, expenditures, and changes in fund baiances; and of revenues, expenditures, and changes in fund balances, budget and actual-budgetary basis for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the *Casino Control Fund* as of June 30, 1984 and 1983 and the results of operations for the years then ended in conformity with generally accepted accounting principles, applied on a consistent basis.

The examination was performed and this report is submitted pursuant to the State Auditor's audit responsibilities as set forth in Article VII, Section 1.6 of the State Constitution, and N.J.S.A. 52:24-4, Legislative Services Law of 1978.

Respectfully submitted,

James J. Dolan
State Auditor

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STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 1984 AND 1983

EXHIBIT I
(in $000)

	1984	1983
Assets		
Accounts Receivable (Note 3)	$5,042.4	$8,070.6
Less: Allowance for Doubtful Accounts	808.1	713.0
Net Accounts Receivable	4,234.3	7,357.6
Due from General Fund (Note 2)	1,653.0	—
Total Assets	$5,887.3	$7,357.6
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable (Note 4)	$3,119.5	$2,784.3
Due to General Fund (Note 2)	—	6,956.3
Deferred Revenue (Note 8)	1,520.6	—
Total Liabilities	4,640.1	9,740.6
Fund Balance: (Note 1)		
Reserved:		
Reserved for Encumbrances:		
Current Year	941.6	907.5
Prior Year	305.6	187.9
Unreserved:		
Undesignated	—	(3,478.4)
Total Fund Balance (Note 5)	1,247.2	(2,383.0)
Total Liabilities and Fund Balance	$5,887.3	$7,357.6

( ) Denotes minus amount

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 1984 AND 1983

EXHIBIT II
(in $000)

	1984	1983
Revenues:		
Licenses		
Casino	$23,179.3	$15,889.3
Casino Employees	5,204.4	5,056.0
Slot Machines	6,250.5	6,268.2
Casino Service Industry	890.4	1,010.1
Alcoholic Beverage	729.1	735.0
Work Permits	1,530.3	1,345.8
Deficit Assessments	2,383.0	4,199.9
Fines and Penalties	274.3	275.2
Other Revenue	76.0	85.8
Total Revenues	40,517.3	34,865.3
Expenditures:		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	21,594.2	19,074.4
Government Direction, Management and Control (Casino Control Commission)	14,651.2	13,613.7
Total Expenditures	36,245.4	32,688.1
Other Decreases:		
Transfers to General Fund	641.7	360.3
Total Other Decreases	641.7	360.3
Total Expenditures/Other Decreases	36,887.1	33,048.4
Net Increase in Fund Balance for the Year	3,630.2	1,816.9
Fund Balance (Deficit)—Beginning	(2,383.0)	(4,199.9)
Fund Balance (Deficit)—Ending	$ 1,247.2	$(2,383.0)

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

EXHIBIT III-A
(in $000)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Licenses					
Casino	$23,179.3	$ —	$23,179.3	$21,451.8	$1,727.5
Casino Employees	5,204.4	—	5,204.4	4,705.5	498.9
Slot Machines	6,250.5	—	6,250.5	5,604.8	645.7
Casino Service Industry	890.4	—	890.4	905.8	(15.4)
Alcoholic Beverage	729.1	—	729.1	916.7	(187.6)
Work Permits	1,530.3	—	1,530.3	2,070.0	(539.7)
Deficit Assessments	2,383.0	—	2,383.0	2,383.0	—
Fines and Penalties	274.3	—	274.3	—	274.3
Other Revenue	76.0	—	76.0	50.0	26.0
Total Revenues	40,517.3	—	40,517.3	38,087.6	2,429.7
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement) (Schedule I)	21,594.2	258.4	21,852.6	23,027.2	1,174.6
Government Direction, Management and Control (Casino Control Commission) (Schedule I)	14,651.2	249.6	14,900.8	15,060.4	159.6
Total Expenditures	36,245.4	508.0	36,753.4	38,087.6	1,334.2
Other Decreases:					
Transfers to General Fund	641.7	—	641.7	—	(641.7)
Total Other Decreases	641.7	—	641.7	—	(641.7)
Total Expenditures and Other Decreases	36,887.1	508.0	37,395.1	38,087.6	692.5
Net Increase (Decrease) in Fund Balance for the Year	$ 3,630.2	$(508.0)	$ 3,122.2	$ -0-	$3,122.2

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1983

EXHIBIT III-B
(in $000)

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Licenses					
Casino	$15,889.3	$ —	$15,889.3	$13,860.0	$2,029.3
Casino Employees	5,056.0	—	5,056.0	7,393.4	(2,337.4)
Slot Machines	6,268.2	—	6,268.2	5,890.9	377.3
Casino Service Industry	1,010.1	—	1,010.1	299.7	710.4
Alcoholic Beverage	735.0	—	735.0	900.0	(165.0)
Work Permits	1,345.8	—	1,345.8	2,880.0	(1,534.2)
Special Assessments	4,199.9	—	4,199.9	4,200.0	(.1)
Fines and Penalties	275.2	—	275.2	—	275.2
Other Revenue	85.8	—	85.8	50.0	35.8
Total Revenues	34,865.3	—	34,865.3	35,474.0	(608.7)
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement) (Schedule I)	19,074.4	1,095.4	20,169.8	21,134.6	964.8
Government Direction, Management and Control (Casino Control Commission) (Schedule I)	13,613.7	(28.5)	13,585.2	14,339.4	754.2
Total Expenditures	32,688.1	1,066.9	33,755.0	35,474.0	1,719.0
Other Decreases:					
Transfers to General Fund	360.3	—	360.3	—	(360.3)
Total Other Decreases	360.3	—	360.3	—	(360.3)
Total Expenditures and Other Decreases	33,048.4	1,066.9	34,115.3	35,474.0	1,358.7
Net Increase (Decrease) in Fund Balance for the Year	$ 1,816.9	$1,066.9	$ 750.0	$ -0-	$ 750.0

( ) Denotes minus amount

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1984 AND 1983

NOTE 1—**Summary of Significant Accounting Policies**

A. Fund Accounting

The Governmental Accounting Standards Board in its Statement 1—entitled *Authoritative Status of NCGA Pronouncements and AICPA Industry Guide* continued in force the National Council on Governmental Accounting's (NCGA) Statement 1. NCGA Statement 1 defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These statements reflect financial reporting practices in accordance with that definition.

The Casino Control Fund is classified as a Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

The Casino Control Fund (N.J.S.A. 52:12-143) accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The Casino Control Fund is accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Appropriations are authorized by an act of the Legislature for expenditure during the fiscal year and for a period of one month thereafter. Expenditures are recorded on an accrual basis when the related liability is incurred. Modifications to the accrual basis of accounting include disbursements for prepaid expenses, inventory items, and fixed assets which are recorded as expenditures when incurred.

Encumbrances represented by purchase orders and contracts are recorded and reported as reservations of fund balance since they do not constitute expenditures or liabilities.

C. Revenue and Expenditure Budgets

The Casino Control Fund, as detailed in the following table, operates under a budgetary control system comprised of:

a. The Annual Appropriations Acts approved June 30, 1983 for Fiscal Year 1984, June 30, 1982 for Fiscal Year 1983, and various supplemental appropriation acts approved during the fiscal year.
b. Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.
c. Appropriated Revenues (authorized by the Annual Appropriations Act) which established certain revenues as appropriations.

The above items provided the following amounts for the Fiscal Year 1984 and 1983 budgets (in $000).

	Revenue and Other Increases	
	1984	1983
Annual Appropriations Act	$38,087.6	$35,474.0
Totals	$38,087.6	$35,474.0

	Expenditures Other Decreases	
	1984	1983
Annual Appropriations Act	$38,087.6	$35,474.0
Totals	$38,087.6	$35,474.0

Budgetary control is maintained at the program unit level.

The accompanying statements of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual-Budgetary Basis present comparisons of the legally adopted budget with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in con-

formance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis is that under the budgetary basis encumbrances are recognized as expenditures.

There were no expenditures in excess of appropriations in the Casino Control Fund.

D. Fund Balances

The fund balances of the Casino Control Fund consist of:

a. Reserved for encumbrances—used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
b. Unreserved-Undesignated—used to represent that portion of fund balance resources available for appropriation.

E. Other

Other significant accounting policies are described in Notes 2 to 8.

NOTE 2—**Cash**

Cash transactions of the Casino Control Fund are made through and by the General Fund cash accounts. The balance of cash for this fund held in the General Fund after receipt and disbursement transactions is accounted for and reflected in the respective Due From or Due To accounts on the Balance Sheet.

NOTE 3—**Accounts Receivable**

Represent amounts which were collected within one-month period subsequent to June 30, and outstanding billings applicable to June 30, 1984. Approximately 75% of the outstanding billings were satisfied within a three-month period subsequent to June 30.

NOTE 4—**Accounts Payable**

Represent amounts due for goods and services that were received by the State prior to fiscal year end.

NOTE 5—**Fund Balance**

The deficit fund balance in the Casino Control Fund results from expenditures in excess of revenues. Pursuant to N.J.A.C. 19:41-9.1, an assessment to the casino industry was made in the amount of $2.4 million and payment was due by December 31, 1983. As of December 31, 1983, all nine operating casinos had remitted their assessments.

NOTE 6—**Employee Benefit Costs**

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leaves are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

NOTE 7—**Interest**

Pursuant to the Annual Appropriations Act, the General Fund charges interest to the Casino Control Fund for disbursements made in excess of receipts collected. The interest rate is equal to the month-end New York Federal Reserve Discount Rate charged to banks. During Fiscal Year 1984, the interest rate varied from 8.5% to 9.0% and the interest charged to the Casino Control Fund amounted to $641,746. For Fiscal Year 1983, the interest rate charged varied from 8.5% to 11.5% and the amount charged for Fiscal Year 1983 amounted to $360,300.

NOTE 8—**Deferred Revenue**

Deferred revenue represents Fiscal Year 1985 slot machine license fees received and recorded in Fiscal Year 1984.

NOTE 9—**Contingent Liability**

The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditure. The exact amount involved in these legal proceedings is not fully determinable. N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

AUDITOR'S REPORT ON SUPPLEMENTAL DATA

We have reported separately herein on the financial statements of the Casino Control Fund for the Fiscal Years ended June 30, 1984 and 1983. Our examination was made for the purpose of forming an opinion on these basic financial statements taken as a whole. The supplementary information that follows is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the same auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURE DETAIL
FISCAL YEARS ENDED JUNE 30, 1984 AND 1983

SCHEDULE I
(in $000)

	1984		1983	
	Public Safety and Criminal Justice	Government Direction Management and Control	Public Safety and Criminal Justice	Government Direction Management and Control
Expenditures:				
Salaries	$11,665.6	$ 9,455.7	$10,543.2	$ 8,774.3
Payroll Taxes and Employee Benefits	3,223.7	2,228.7	2,767.5	1,839.2
Printing and Office Supplies	289.0	265.5	197.0	196.9
Vehicular Supplies	360.6	.1	303.3	—
Travel	31.6	82.6	25.0	82.2
Telephone	542.7	260.3	506.0	249.5
Data Processing	728.5	668.7	539.6	384.1
Professional Services	351.6	170.4	244.3	334.1
Other Services Other Than Personal	405.2	317.3	314.7	247.6
Rent-Facilities	1,307.1	745.1	1,127.7	691.3
Rent-Automobiles and Other	484.2	220.4	778.4	140.1
Indirect Costs	558.6	—	832.6	348.0
Office Equipment	157.6	114.4	29.0	208.0
Vehicular Equipment	1,151.9	13.5	—	—
Other Equipment	336.3	108.5	866.1	118.4
Total Expenditures	$21,594.2	$14,651.2	$19,074.4	$13,613.7

SEE NOTES TO FINANCIAL STATEMENTS

Don Thomas Resigns

Don M. Thomas resigned from the Casino Control Commission on December 18, 1984, after four years of dedicated service to the state to reenter private industry.

The impact that Don Thomas had upon casino gaming in this state and his influence in the effort to redevelop Atlantic City goes far beyond that simple summary of his time with the Commission.

He joined the Commission in the aftermath of Abscam and helped, along with three other new appointees, to give the Commission a renewed sense of purpose and dedication. The Orange, New Jersey resident carved out for himself a special niche as the person most concerned about the social and economic revitalization of Atlantic City.

His departure was marked by disappointment and sadness but also with a sense of accomplishment since it came only days after the state Legislature created the new Casino Reinvestment Development Authority to fund the rehabilitation of Atlantic City. The legislation was signed into law by Governor Kean one day after Thomas had resigned.

He was lauded by Governor Kean, Mayor James Usry of Atlantic City and both houses of the state Legislature for his efforts on behalf of the people of Atlantic City and he was feted by several groups in Atlantic City as well as the Commission staff.

Chairman Read summed up the feelings of Commissioner Thomas' friends and colleagues when he remarked, "his caring and direct contact and contribution in making the way easier is so typical of the man and all he's done with the Commission. His efforts and his good nature will be sorely missed by his fellow Commissioners and the staff but we wish him well in his new venture."

Table of Organization

FINANCIAL EVALUATION & CONTROL DIVISION

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William Delaney

DEPUTY DIRECTOR
Michael Santaniello

DEPUTY DIRECTOR
Jeffrey Cohen

CASINO OPERATIONS
Patricia Hetzel-Cohen

INSPECTION UNIT
David Mullane

AUDIT UNIT
Dano Marino

FINANCIAL UNIT
Glenn Simpson

ACCOUNTING UNIT
Theresa Gervasio

AFFIRMATIVE ACTION & PLANNING DIVISION

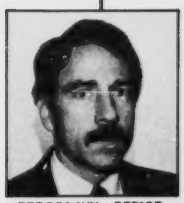
DIRECTOR
Jack Wood, Jr.

ADMINISTRATION DIVISION

CASINO EMPLOYMENT
Claire Frank

CONSTRUCTION
Warner McBryde

PLANNING UNIT
Barbara Lampen



PERSONNEL OFFICE
David Hopkins

COMMISSION

LEGISLATIVE LIAISON
Deborah Bozarth

LEGAL DIVISION

DIRECTOR
Robert Genatt

DEPUTY DIRECTOR
Thomas Auriemma

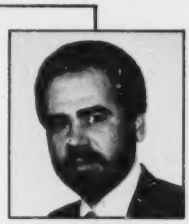
SPECIAL PROJECTS
Patricia Kerins

HEARINGS & LITIGATION
Dennis Daly

LEGIS. & REGULATION
David Missimer

LEGAL ADVISORY
John Zimmerman

LICENSING DIVISION



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Christopher Storcella

DIRECTOR
Theron Schmidt

DEPUTY DIRECTOR
Richard Franz

DEPUTY DIRECTOR
James Fiandaca

ENTERPRISE LICENSE
William Hoffman

EMPLOYEE LICENSE
John Bowman

DOCUMENT CONTROL
Stephen Crist

YSTEMS DEVELOPMENT
Julian Grauer

BUDGET & FISCAL
Joseph Papp